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ARTS, HUMANITIES, AND MUSEUMS AMENDMENTS OF
1995

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Mrs. KASSEBAUM, from the Committee on Labor and Human
Resources, submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany S. 856]

The Committee on Labor and Human Resources, to which was referred the bill (S. 856) to amend the National Foundation on the Arts and the Humanities Act of 1965, the Museum Services Act, and the Acts and Artifacts Indemnity Act to improve and extend the Acts, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill as amended do pass.

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I. INTRODUCTION

S. 856 provides for a continued Federal role in supporting arts, humanities and museum projects for the people of this nation. Last reauthorized in 1990, the authority for the National Foundation on the Arts and Humanities Act expired in 1993. The Subcommittee on Education, Arts and Humanities, therefore, took action early this session to re-evaluate the Government's role in funding the arts and humanities. In this context, the legislation not only extends the act and reiterates and renews the Federal Government's commitment to nurture its cultural heritage but makes significant and necessary changes to the existing statute with the goal of improving the act, instilling greater public confidence and generating greater public benefit from the agencies contained in the act.

II. PURPOSE AND SUMMARY OF THE BILL

The bill extends the Federal commitment to the arts and humanities while at the same time making significant improvement in areas which have been of great concern to both the general public and the U.S. Congress. Those areas include changes to reduce the federal bureaucracy, increase accountability and share greater responsibility with the States.

Toward these ends the bill provides for a 5-year reauthorization of the National Foundation for the Arts and Humanities Act of 1965 and reaffirms the Government's commitment to, and interest in, supporting arts and humanities projects throughout the nation well into the future. Much debate this year centered on whether government sponsorship of the arts and humanities is appropriate. The committee has determined that the agencies do provide valuable service to the people of the nation and should be maintained. Still, while S. 856 does reaffirm the importance of Government leadership, it includes substantial and significant change in order to improve both the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). The legislation reduces bureaucracy by merging administrative functions, capping administrative costs, and shrinking the National Councils. Provisions relating to each agency have been separated by title in hopes of making the legislative language easier to understand. Perhaps of primary importance, S. 856 includes provisions to further increase accountability by prohibiting subgranting and seasonal support, and limiting grants to individuals. In addition, the bill maintains language including the obscenity language and the strict sanctions against funding obscenity included during the 1990 reauthorization. Finally, S. 856 gives greater responsibility to State arts and humanities councils by increasing the percentage of funds allotted to the States.

Title I authorizes the establishment of the National Foundation on the Arts and the Humanities; provides one authorization of appropriations for each of the two agencies, outlines specific provisions regarding joint administration and division of funds, calls for a study of the feasibility of creating a true endowment that would provide supplemental funding and places a limit on administrative costs. The bill authorizes a 25-percent reduction in appropriations

from fiscal year 1995 levels in the NEA and NEH, and level funding for the Institute for Museum and Library Services (IMLS).

Four grant programs are established for the NEA: Partnership grants (40 percent of authorized funds), National Significance grants (40 percent of authorized funds), Direct grants (10 percent of authorized funds) and Arts Education and Underserved Communities grants (10 percent of authorized funds). The role of the advisory panels has been modified substantially both in terms of structure and responsibility. The number of members serving on the National Council on the Arts has decreased from 26 to 20 individuals with limitations placed on reappointment. The practices of subgranting and providing seasonal support grants have been prohibited. Individuals will be eligible for only two grants in a lifetime and no group, except for State agencies and regional groups, will be literature fellowships. A provision for recapturing funds from financially successful grants has been incorporated in the legislation.

Three grant programs are established at the NEH and important administrative changes are made. The grant programs are Partnership (30 percent of authorized funds), National Significance (35 percent of authorized funds), and Research and Scholarship (35 percent of authorized funds). The number of members on the National Council on the Humanities has been reduced from 26 to 20 with limitations placed on reappointment. A provision for the recapture of funds from financially successful grants has been included in the legislation.

Title II amends the Museum Services Act and consolidates the Institute of Museum Services (IMS) and the Library Services and Construction Act, creating the IMLS. The new Institute will have one director overseeing two distinct programs headed by two deputy directors, one for library programs and another for museum programs. The museum division remains fundamentally unchanged. The library division, as with the museum division, will have its own advisory board staffed by appointees of the National Commission on Libraries and Information Sciences. Appropriations for the two programs will be handed separately and out of different appropriations subcommittees—Labor-Health and Human Services and Education for the library program and Interior for the museum program. The library program changes significantly from its present form, in that the focus under this legislation will be on two programs areas—technology and access, and services to special constituencies with an emphasis on children in poverty. Funds for the purposes listed will be provided to State library administrative agencies for State based programming. Five to 7 percent of total appropriations will be set-aside for joint program between libraries and museums.

Finally, title III amends the Arts and Artifacts Indemnity Act and expands its scope to include indemnification for exhibitions originating in the United States and touring the United States, in addition to the current practice of providing indemnification as part of an exchange of a domestic exhibition traveling abroad or for foreign exhibitions touring the United States. With the elimination of the Federal Council on the Arts and Humanities, the Arts and Artifacts Indemnity Program will be administered by the NEA.

III. BACKGROUND AND VOTES IN COMMITTEE

On May 25, 1995, Senator Jeffords, (on behalf of himself and Senators Kassebaum, Kennedy, Pell, Dodd, and Simpson) introduced S. 856, the Arts, Humanities and Museum Amendments of 1995, a bill to reauthorize the National Foundation on the Arts and Humanities Act of 1965 and for the purposes.

A series of four hearings were held, one by Senator Kassebaum in Washington, DC, by the Labor and Human Resources Committee and three by Senator Jeffords, two of which were held in Washington, DC, and one held in Alexandria, VA, by the Subcommittee on Education, Arts and Humanities. Testimony was received from 20 witnesses representing both the private and public sectors all of whom represented a variety of perspectives on the issue of continued Federal support for the NEA, NEH, and IMS.

The first hearing was held on January 26, 1995, on the subject of reauthorizing the National Endowment for the Arts. The only witness appearing before the full committee was the chairperson of the National Endowment for the Arts, Jane Alexander.

The second hearing, held on February 23, 1995, also addressed the topic of the reauthorization of the National Endowment for the Arts. Testimony was taken from those advocating the current agency structure, those advocating significant change and those advocating the merger of the agencies or complete elimination of the NEA. Witnesses included: Mr. Christopher Reeve, co-president of the Creative Coalition; Mr. John Ong, chairman and CEO of the B.F. Goodrich Co.; Hon. Joseph P. Riley, Jr., mayor of Charleston, SC; Mr. Harold Williams, president and chief executive officer of the J. Paul Getty Trust; Mr. Dean Amhaus, executive director of the Wisconsin Arts Board; Mr. Richard Gurin, chief executive officer of Binney and Smith; Mr. Leonard Garment, partner with Mudge Rose Guthrie Alexander & Ferdon; Mr. George White, president and founder of the Eugene O'Neill Theater; Dr. Laurence Jarvik, director, Center for the Study of Popular Culture; and Dr. Charles Clotfelter, professor of public policy at Duke University. The hearing record was held open for additional testimony which was submitted by Fondo del Sol Visual Arts Center, Jill Worzer of Montpelier, VT and Debbie Myers of Lexington, SC.

On March 2, 1995, a third hearing was held to discuss the reauthorization of the National Endowment for the Humanities. Witnesses included: Chairman of the National Endowment for the Humanities, Sheldon Hackney; Dr. Victor Swenson, executive director of the Vermont Council on the Humanities; Mr. David A. Berry, professor of history, Essex County College and executive director of the Community College Humanities Association; Dr. Alberta Arthurs, director of arts and cultural programs for the Rockefeller Foundation; Dr. Walter Berns, resident scholar, American Enterprise Institute; and Dr. Barry Gross, national program officer and treasurer, National Association of Scholars.

A final hearing was held on March 10, 1995, at the Alexandria Black History Resource Center in Alexandria, VA on the topic of the reauthorization of the Institute for Museum Services. Witnesses included: Director of the Institute for Museum Services, Diane Frankel; Ms. Audrey Davis, director, Alexandria Black His-

tory Resource Center; and Ms. Joyce Bucci, specialist, Office of Art for Baltimore County Public Schools. The hearing record was held open for additional testimony which was submitted by the Association of Systematics Collections, American Zoo and Aquarium Association, the American Association of Museums, Edmund Barry Gaither and Fondo del Sol Visual Arts Center.

On July 19, 1995, the Labor and Human Resources Committee met to consider an amendment in the nature of a substitute to S. 856 offered by Senator Kassebaum. Following brief opening statements, an amendment was offered by Senator Abraham to privatize the NEA and NEH over a 5-year period. The amendment called for a reduction in the authorization level of 20 percent each year over 5 years with no appropriations authorized thereafter and allowed for a percentage of authorized funds to be used for fund-raising. The amendment transferred the administration of the Arts and Artifacts Indemnity Program to the Institute of Museum and Library Services. Finally, the amendment included a resolution expressing the sense of the Senate that additional tax incentives for charitable donations should be provided, such as tax deductions for nonitemizers, the elimination of the cap on charitable deductions, and a specific tax credit for donations to the newly constituted national organization. The amendment was defeated by a roll call vote of 6 yeas to 10 nays. The vote on the amendment was as follows:

YEAS	NAYS
Coats	Kassebaum
Gorton	Jeffords
Frist	Gregg
DeWine	Kennedy
Ashcroft	Pell
Abraham	Dodd
	Simon
	Harkin
	Mikulski
	Wellstone

The committee then accepted an amendment offered by Senator Dodd by voice vote. The amendment offered by Senator Dodd ordered the Chairpersons of the NEA and the NEH to jointly conduct or contract for a study on the feasibility of establishing a true endowment for the NEA and NEH in order to provide supplemental funding to the ongoing Federal appropriation.

Senator Ashcroft, for himself and Senator Gregg, offered an amendment which would have reduced the authorization level by 10 percent each year over the 5-year authorization period. The amendment was defeated by a roll call vote of 8 yeas to 8 nays. The vote on the amendment was as follows:

YEAS	NAYS
Kassebaum	Jeffords
Coats	Kennedy
Gregg	Pell
Frist	Dodd
DeWine	Simon

Abraham
Ashcroft
Gorton

Harkin
Mikulski
Wellstone

The final amendment was offered by Senator Pell, for himself and Senators Kennedy and Dodd. The amendment would have broadened grants to individuals to include fellowships in American folk heritage or traditions, choreography, sculpture, architectural or urban design, jazz or other musical composition, painting, or works on paper. The amendment was defeated by a roll call vote of 7 yeas to 9 nays. The vote on the amendment was as follows:

YEAS
Kennedy
Pell
Dodd
Simon
Harkin
Mikulski
Wellstone

NAYS
Kassebaum
Jeffords
Coats
Gregg
Frist
Abraham
Ashcroft
DeWine
Gorton

The committee then voted for final passage of the amendment in the nature of a substitute to S. 856 by a vote of 12 yeas to 4 nays. The vote was recorded as follows:

YEAS
Kassebaum
Jeffords
Gregg
DeWine
Gorton
Kennedy
Pell
Dodd
Simon
Harkin
Mikulski
Wellstone

NAYS
Coats
Abraham
Ashcroft
Frist

IV. HISTORY OF LEGISLATION

The National Foundation on the Arts and the Humanities was established in 1965 by Public Law 89-209, the National Foundation on the Arts and the Humanities Act. Although this was landmark legislation, it was not the first attempt to establish an arts foundation. As early as the 1950's, bills were introduced to establish a national arts agency. In 1963, Special Consultant on the Arts to President Kennedy, August Heckscher, submitted his report on "The Arts and the National Government" that recommended an arts foundation. The original act of 1965 was preceded by the National Arts and Cultural Development Act of 1964 (Public Law 88-579), which established a National Council on the Arts. When the National Foundation on the Arts and the Humanities Act became law in 1965, the National Council on the Arts was transferred to the National Endowment for the Arts. The National Foundation on

the Arts and the Humanities currently is composed of the NEA (and its National Council on the Arts), NEH (and its National Council on the Humanities), the Federal Council on the Arts and Humanities (that administers the Arts and Artifacts Indemnity Act), and the IMS (and its National Museum Services Board).

The National Foundation on the Arts and the Humanities Act was subsequently amended in 1967 by Public Law 90-83; in 1968 by Public Law 90-348; in 1970 by Public Law 91-346; in 1973 by Public Law 93-133; in 1976 by Public Law 94-462 and Public Law 94-555; in 1980 by Public Law 96-496; in 1984 by Public Law 98-306; in 1985 by Public Law 99-194; in 1986 by Public Law 99-362; in 1987 by Public Law 100-202; in 1989 by Public Law 101-121; in 1990 by Public Law 101-512; in 1993 by Public Law 103-171; and, in 1994 by Public Law 103-382. Among the public laws just cited, reauthorizations occurred in 1968, 1970, 1973, 1976, 1980, 1985, and 1990.

The Museum Services Act was first enacted as Title II of the Arts, Humanities and Cultural Affairs Act of 1976 (Public Law 94-462). The act was subsequently amended in 1980 by Public Law 96-496; in 1984 by Public Law 98-306, in 1985 by Public Law 99-194, and in 1990 by Public Law 101-512.

The Arts and Artifacts Indemnity Act, "an Act to provide indemnities for exhibitions of artistic and humanistic endeavors," was enacted in 1975 as Public Law 94-158 and amended by Public Law 99-194 and Public Law 101-512. The Federal Council on the Arts and humanities was given authority to make indemnity agreements against loss or damage to art objects and artifacts for international art exhibitions.

THE ARTS, HUMANITIES, AND MUSEUMS AMENDMENTS OF 1990

The last reauthorization of the National Foundation on the Arts and the Humanities Act of 1965 was enacted as part of the Department of the Interior and Related Agencies Appropriations Act of 1991, (H.R. 5769) Public Law 101-512. On September 12, 1990, this committee reported S. 2724 (S. Rept. 101-472) with an amendment in the nature of a substitute that would have reauthorized NEA, NEH, and IMS for five years. On October 11, 1990, the House passed H.R. 4825, the Arts, Humanities, and Museums Amendments of 1990. On October 15, 1990, the House passed the appropriations measure (H.R. 5769) with the text of H.R. 4825 attached, providing a 3-year reauthorization of NEA, NEH, and IMS. On October 24, the Senate passed the appropriations measure including the text of H.R. 4825. Language was inserted to clarify the definition of "obscenity." On October 27, 1990, both House and Senate agreed to the Conference report on H.R. 5769. On November 5, 1990, H.R. 5769 was signed into law as Public Law 101-512.

Public Law 101-512 extended the authority for NEA, NEH, IMS, and the Arts and Artifacts Indemnity Act through fiscal year 1993. Among its major provisions, it increased the State allotment from 20 percent to 27.5 percent of NEA program funds in fiscal year 1993. In addition, an allotment of up to 7.5 percent of programs funds in fiscal year 1993 was targeted to arts access programs in rural and inner-city areas. With regard to controversial grants, the act defined "determined to be obscene" as meaning deemed "in the

final judgment of a court of record” to be obscene. In the event that a project was determined to be obscene by the courts, the Chair required repayment under terms deemed appropriate. In the “Declaration of Purpose,” Public Law 101-512 added that the arts must be “sensitive to the nature of public sponsorship.” The law contained new language on the panel system, requiring wide geographic, ethnic and minority representation, and the use of lay individuals knowledgeable about the arts, but not associated with an arts profession or arts organizations.

COMMITTEE ACTIVITY IN THE 103RD CONGRESS

In the 103rd Congress, Senators Pell and Jeffords introduced S. 1218 (July 14, 1993), the Arts Humanities and Museums Amendments of 1993, a 2-year extension for the NEA, NEH, and IMS. This committee reported S. 1218 (S. Rept. 103-186) on November 12, 1993, with an amendment in the nature of a substitute. A similar bill (H.R. 2351) was passed by the House on October 14, 1993. An amendment requiring comparability of State arts spending became part of both bills. This amendment withheld increases in a State's allotment of NEA funds if the State decreased its own funding for the arts below the average level of the three most recent years and if the rate of reduction exceeded the rate of all the State's general fund reductions. No further action was taken.

THE LIBRARY SERVICES AND CONSTRUCTION ACT

The Library Services and Construction Act (LSCA) is the first and largest Federal program of assistance specifically to libraries. It was first enacted in 1956 as the Library Services Act (LSA) to provide assistance for extending public library services to rural areas. In 1964 LSA became LSCA with the addition of Title II for public library construction, and with the addition of assistance for urban areas. Since 1966, when Title III for interlibrary cooperation was added, LSCA has provided an incentive for libraries of all kinds to link together and to use the technology to share resources across institutional, jurisdictional, and geographic boundaries on behalf of users.

Most recently amended in 1990 (P.L. 101-254), the LSCA contains 8 titles that authorize aid to public libraries. Last reauthorized in 1994 by the Improving America's Schools Act, the LSCA programs were extended for one year through 1995 without substantive amendment.

V. COMMITTEE VIEWS

As during past reauthorization discussions relating to the National Endowment for the Arts, a great deal of consideration was given to fundamental questions relating to the agency. The committee had to address issues regarding the continued existence of the NEA and NEH, the value and importance of Federal support for culture, the Federal financial commitment and finally, how the agencies could be more responsive to the public. The committee addressed legitimate questions brought up during oversight hearings and from the community. S. 856 is the result of such discussion, debate and deliberation and it makes changes to current law de-

signed to provide resolution to the myriad of problems confronting the agencies through a fundamental re-evaluation of their structure and their purpose. It was the consensus of the committee that significant changes were necessary to achieve these goals. The bill assures greater accountability to the American people and inspires greater confidence in the knowledge that the agencies exist to serve all Americans by making arts, humanities, libraries and museums more accessible.

The bill provides for a 5-year reauthorization for the National Endowment for the Arts, the National Endowment for the Humanities, the Institute for Museum and Library Services and the Arts and Artifacts Indemnity Act. The committee maintains that there is a role for the Federal Government in supporting our cultural heritage as well as a distinctly national purpose in the existence of these agencies which cannot be pursued by devolving all funds to the States. The intent of this bill is to strike a balance between Federal and State leadership with the goal of ensuring that the very best works in the arts and humanities are available to all persons of the nation. Priority language is included throughout the bill to emphasize underserved communities' access to art and culture.

Much of the purpose section is maintained from current law, though additional emphasis is placed on the need to respect the public trust when using public moneys. The purposes have been clarified to reinforce the concept of partnership between public and private entities and to emphasize the importance of Federal support for the arts and humanities. Further, the purpose section states, "Federal funding for the arts and humanities must be sensitive to the nature of public support and the need to use public funding in a manner that recognizes the responsibility of the Federal Government to the public good" and that such funding "serves the purposes defined by Congress and are subject to the conditions that traditionally govern the use of public money." The committee has tried to communicate the singularly important message that the National Endowment for the Arts, like other departments or agencies of the Federal Government, exists to provide an important service to the American people and must comply with rules and judgments governing public support and make appropriate decisions in providing these services.

The bill includes specific language which prohibits the use of Federal funds for the purposes of lobbying or for providing general membership services for groups. Such use of funds is inappropriate and takes scarce funds away from the purposes outlined in the act.

The committee directs the NEA and NEH to jointly undertake some administrative functions with the intent of having the agencies reduce the amount of funds used for administration as well as avoid senseless duplication of activities which clearly could and should be consolidated.

The committee took further action on administrative costs by placing a 12-percent cap on funds available for administration of the NEA and NEH. In determining this level, the committee took into consideration their unique grant making functions as well as the directive that they both convene advisory panels—all of which entail considerable costs to the agencies. Such considerations were balanced with the committee's awareness that a significant per-

centage of funds were being used for administration. An additional 3 percent of appropriated funds is available to the NEA for work force reductions for either employee severance pay or employee buy out program as authorized by law. The committee includes this provision for the NEA as a means of managing costs associated with employee cutbacks due to both anticipated reductions in overall appropriations and the cap on administrative spending. Contributions from each agency's administrative budget for the President's Committee on the Arts and Humanities may not exceed \$100,000. This, too, represents an effort to reduce administrative costs and ensure that as much money as possible is available for grantmaking. All actions taken relating to administrative spending are an effort by the committee to reduce bureaucracy and ensure that funds appropriated to the agencies are used for grantmaking.

In addition, the committee has concerned relating to the percentage of Federal funds being used for the administration of state arts and humanities councils. While there was a great deal of discussion on this issue, no decision was reached by the committee as to how to appropriately define administrative costs at the same level, and no future action was taken.

The committee also limits the amount of funds to be spent on official reception and representation costs. In fiscal year 1996, not more than \$100,000 from funds donated, bequeathed or devised to the NEA or NEH may be used for official reception and representation and shall not exceed \$50,000 for the remaining fiscal years. The Jefferson Lecture in the Humanities is exempt from this limit.

The legislation reduces the authorization appropriations level for the NEA and NEH by 5 percent per year, representing a 25 percent reduction over the 5 year authorization period. The baseline level for the reduction was \$162 million for the NEA and \$172 million for the NEH, reflecting the agreed upon fiscal year 1995 rescinded levels. The committee recognizes the need for measured cutbacks in discretionary spending in the years ahead and has, therefore, provided for an authorization of appropriations which is realistic yet not punitive. The committee notes that the reductions in the authorization levels for these Endowments in no way represent an effort to begin on a path toward eliminating these Endowments. Instead, the reductions are in keeping with thoughtful and balanced efforts to reduce the budget deficit by the year 2002.

In recognition of the budget realities, the committee adopted an amendment offered by Senator Dodd that directs the Chairs of the NEA and NEH to study the feasibility of creating a true endowment that would provide supplemental funding to the agencies. The amendment provides that the Chairs jointly conduct this study or complete it by contract and that in so doing they consult with experts in various fields to examine innovative ways of funding a true endowment.

The committee explored several of these options at its hearings including private fundraising, Government support for an endowment and using a copyright extension to generate new revenues for such a trust. It became clear that, while the creation of a true endowment was desirable, there was little information on the capacity of different sources to fund the endowment.

This study will explore this question as well as others regarding the amount of revenue necessary to fund the trust fund, what kind of revenue could be generated from different sources, and how the endowment could be administered. It is the committee's intent that the scope of the study should not be limited to the list the committee included in section 104(b), but should also include other innovative funding ideas as appropriate.

In completing the study, the committee has instructed that certain experts be consulted including persons with expertise in the arts, humanities, business, charitable giving and copyright industries as well as other appropriate Federal agencies. It is particularly important that, as the copyright option is explored, persons with expertise in this area, including the Register of Copyrights and other government officials, be included. Experts in the copyright industries are essential to provide insight on the economic effects any proposal involving U.S. copyrights will have on our domestic copyright system or on our position in international trade negotiations. Beyond the requirements of the amendment, it is the committee's intent that experts in other areas be consulted as appropriate to ensure a comprehensive study.

The amendment directs the chairs of the NEA and NEH to report on their study to Congress within 1 year of the passage of this legislation.

Significant structural changes made by the committee are attempts to streamline the agencies and provide a clear outline and direction in which the Endowments should focus and distribute scarce funds. The committee has provided a framework which directs the NEA to move forward to ensure that the arts continue to be available to communities through increased support to States for local endeavors, support to nationally significant projects which have broad appeal and reach a wide audience, support to groups for smaller scale projects of the highest artistic excellence and artistic merit and finally, support for arts education and outreach to underserved communities. There is little direction given on NEA priorities in the current law, save for mentions of arts education and underserved communities. From testimony taken during the hearings, there was agreement that it was important to maintain a strong national program and a strong State program.

Partnerships grants are a redesignation of the basic State grant which continues to be distributed by a formula maintained from current law. Partnership grants will be made to State arts agencies to establish local arts activities with the emphasis on local involvement and participation. The reservation for Partnership grants is 40 percent of authorized funds, which represents a 12.5 percent increase to the State agencies from current law. The committee's intent in increasing the State share of funds is to sustain and enhance the expansion of the arts in local communities and make certain that States continue to have a voice in how Federal funds are spent.

National Significance grants are designed to be a category of grants that will reach a wide national audience. National Significance grants represent 40 percent of authorized funds. Groups eligible to apply include regional groups and groups of demonstrated and substantial national or regional cultural significance. Funds

will be available for projects, productions and workshops that have significant merit, encourage professional excellence or increase the access of the people of the United States, especially underserved communities, to the best of arts and culture. The committee's intent in creating this category of grants is to emphasize the importance of providing support for activities of recognized quality and that have a national significance. Within this category, matching requirements have been increased from current law which requires a 1:1 or 3:1, private dollar to public dollar match to a 3:1 or a 5:1 ratio. A group must match at a 5:1 ratio if the group's annual budget is over \$3 million. The increase in the matching requirement is included in the legislation in response to testimony from the Chairperson of the NEA stating the current matches are actually much higher in practice than required by law. This increased matching requirement recognizes what is current practice and will help to encourage greater participation by the private sector in support of cultural projects. Ten percent of funds for this grant category may be matched with a 1:1 ratio. Those groups eligible for the smaller match are those groups whose projects, productions or workshops have been determined by the Chairperson to be of national significance and because of their small annual budget, are unable to meet the higher matching conditions required in this section. National Significance grants may be made in the following disciplines: dance, design, literature, folk arts, media, museums, music, theater or visual arts. It is the committee's intent that priority shall be given to those projects, productions or workshops that increase the public's access, especially those in underserved communities, to culture and the arts. The goal of this priority language is to further assure that the needs of underserved communities will be fully considered.

Direct grants represent a smaller category of grant funds designed to increase accessibility of the arts in communities. Direct grants make up 10 percent of the authorized funds. This is the only category of grants where individuals are eligible to apply, and only for fellowships in literature. Grants made in this category must be broadly representative of the cultural heritage of the United States and the Chairperson should ensure that grants are awarded to assure geographic representation of works of the highest artistic excellence and artistic merit. Federal share requirements call for a dollar for dollar match from nonfederal sources. The Chairperson may make available up to twenty percent of the funds in this category for distribution requiring no match from nonfederal sources, only after review by the National Council. Priority shall be given to projects, productions or workshops that will be widely disseminated after completion. The committee intends for grants within this category to be made available, on a competitive basis—based on artistic excellence and merit—to small or medium sized organizations whose projects might not yet have national impact.

Action taken by the committee in limiting fellowships to only those for literature is a result of the committee's concerns over a few grants that the committee believes do not meet the high standards of artistic excellence and artistic merit. The committee recognizes that a great many of the grants to individuals have been for projects of superior merit and worth, yet the few contentious exam-

ples have forced the committee to take action to provide assurances that the Endowment will exercise good judgement consistent with the use of public monies.

Finally, Arts Education and Underserved Communities grants, representing 10 percent of authorized funds, shall be made to State arts agencies or other local or regional groups for activities in arts education or for broadening public access to the arts in underserved areas. Funds provided in this category must be matched dollar for dollar by nonfederal sources. The National Endowment for the Arts has provided critical support in the areas of arts education and service to underserved communities. Since the 1990 authorization the NEA has provided leadership in this area and without this important Federal contribution many schools would be unable to support arts education programs which are of vital significance in enriching the educational opportunities of school aged children in this Nation. The committee intends for arts education and outreach to underserved communities to continue to be a central component of the programs supported by the NEA and has, therefore, included a category specifically dedicated to such activities. Current law provides the authority for arts education programs and the committee, in including an arts education and underserved communities category as part of the reauthorization, seeks to restate the value of this program. In addition, while the committee has made clear that a specific percentage of funds be spent on such activities, such outreach initiatives should also be a fundamental concern and concentration of the agency in each of the grant categories.

In this time of budget cutting and efforts to make Federal programs more effective and efficient with fewer Federal dollars, it becomes increasingly important to prioritize. This is particularly important in the area of education where it is essential to direct funding to programs that demonstrate success in improving childhood development and student learning. The committee recognizes the real benefits of arts education in enhancing educational opportunities.

For example, the committee is aware that there has been much research into the benefits of music education. Studies at the University of California, Irvine, show that music instruction dramatically increases children's spatial-temporal IQ's. Spatial-temporal ability is required in mathematics, physics, engineering, architecture and any subject or task requiring an understanding of how objects fit together in time and space. Music instruction can strengthen every child's ability to reach his or her full potential in math and science, as well as develop enhanced social development and cultural awareness.

The committee has included language which prohibits seasonal support and subgranting, eliminating the possibility of groups receiving funding for projects, productions or workshops which have not been approved in the review process specified in statute. Both subgranting and seasonal support are practices which have resulted in projects receiving funds that have not been specifically approved by the Chairperson or the Council. Eliminating these practices should reduce the possibility of further misuse of Federal funds. The committee strongly believes such instances undermine overall confidence in the general good works of the agency. Elimi-

inating subgranting and seasonal support places the control and responsibility of funding decisions with the NEA and ensures that it will be directly accountable for the grants that are made.

The grant making process is three tiered, yet it has often been criticized for relying almost exclusively on the recommendations of the advisory panels. In order to address this criticism, the committee has redesigned the process in order to distinguish the separate roles of the advisory panels, the National Council and the Chairperson. In including changes, the committee seeks to shift greater responsibility to the National Council on the Arts whose membership is appointed by the President with the advice and consent of the Senate, and is accountable to the American public, and also increase the decision making responsibility of the Chairperson.

Therefore, advisory panels has reduced authority in which they are able to recommend only general ranges of financial assistance. This represents a change from the current practice of advisory panels recommending specific grant amounts. In addition, advisory panels must recommend more applicants for grants than funding available. Service on advisory panels has been limited to five nonconsecutive years. The number of laypersons per advisory panel has been increased to two. Panelists who are employees of an organization with a pending application or who have direct or indirect financial interest in a pending application must recuse themselves from panel deliberation until a final decision by the Chairperson on a grant has been made. These changes represent an effort to increase the turnover on the panels, move away from charges of conflict of interest, and encourage greater input from lay individuals who represent local communities throughout the country.

The committee has made significant changes to the National Council of the Arts in hopes of improving its function. The reduction in the membership of the National Council of the Arts will further reduce the bureaucracy at the agency. In addition, the smaller membership will allow for more rigorous and meaningful discussion and decision making. National Council members may make a recommendation for the specific amount of funding for a grant award but shall recommend more grant applicants for grants than funding available. Members will not be eligible for re-appointment unless they have served less than 3 years on a previous term. Again, such limits on service are intended to increase the breadth of representation on the National Council and increase the decision making responsibility. More clearly delineating the role of the Council will provide further safeguards against charges of "rubber stamping" recommendations of the advisory panels.

The bill maintains the strict provisions relating to sanctions and repayment for direct or indirect recipients of funding who have failed to satisfy the purposes for which a grant was made. The committee would encourage the agency to continue in its effort to provide sufficient follow up in this area and fully enforce this provision of the legislation.

Additional limits are in place to reinforce the notion that a grant from the NEA should not be a guaranteed supplemental income for either an individual or a group. Individuals are limited to 2 grants and groups are limited to 3 grants in a year, exempting only States

and regional groups. Agreements for administrative costs—cooperative agreements—are exempt.

The legislation includes a provision whereby funds may be “re-captured” from financially successful grants at both the National Endowment for the Arts and the National Endowment for The Humanities. The committee recognizes the enormous contribution that the agencies make in nurturing and supporting projects that often become commercial successes and believes that a portion of the profits from a successful project should be repaid to the agencies.

In incorporating a similar structure and parallel approach for the National Endowment for the Humanities, the committee seeks to improve the agency and make it more responsive to the public. The committee, in establishing the three grant categories, intends to set funding priorities for the agency so that it may provide support for those projects which benefit the public and advance and preserve the humanities. The committee looked to testimony presented before the Education, Arts and Humanities subcommittee in making determinations as to the Endowment’s priorities.

Partnership Grants, representing 30 percent of appropriated funds, will be made to State humanities councils to support, promote and foster humanities studies and programs that serve the local community. The 30 percent reservation for State block grants represents an increase of 10 percent from current law. Teacher training services in the humanities for elementary and secondary education are shifted to the State level from the national level. In making this change, the committee recognizes the benefit in having the local community determine the best method for teacher training in the humanities and expects increased participation in these valuable programs to result. Funds to State humanities councils will be distributed by a formula which has been maintained from current law. All funds in this grant category must be matched on a dollar for dollar basis. The committee strongly believes that the balance between state and national programs is appropriate.

National Significance grants represent 35 percent of appropriated funds and shall be used to support programs which increase public participation and education in the humanities. It is the intent of the committee that programs funded through national significance grants have a national audience and be of national significance. Both groups and individuals are eligible for these grants and the total of all funds awarded in this category must be matched dollar for dollar. Grant awards for endowment building or capital projects require a higher match of three nonfederal dollars to every Federal dollar awarded. It is the intent of the committee that National Significance grants include projects in museums and historical organizations, endowment building, projects in libraries and archives, public humanities projects, technology activities and teacher training in the humanities. Eligibility has been opened to State humanities councils, allowing them to compete for grants in this category in recognition of the extraordinary success many of them have had in developing innovative humanities programs. Generally, the creation of this grant category recognizes and reinforces the important impact that the NEH has on strengthening knowledge about our American culture. The benefits of such projects cross State lines and make a vital difference in the lives

of all people in this nation. Therefore, these projects are an important priority to be pursued at the national level.

Research and Scholarship Grants, representing 35 percent of appropriated funds, shall be made to groups or individuals to encourage the development and dissemination of significant scholarship in the humanities. In recognition of the important contribution of the NEH in encouraging study and scholarship in the humanities, the committee has made projects in the area of research and scholarship a priority for the Agency. Research and Scholarship grants are intended to support activities which may include fellowships for college and university faculty and independent scholars, dissertation grants, summer stipends, scholarly publications, reference materials, basic research, institutional programs, and finally, grants for preservation. The total costs of all activities funded in this category must be matched on a dollar for dollar basis, nonfederal to Federal funds. As with National Significance grants, State humanities councils will be eligible to compete for grants in the Research and Scholarship category, in recognition of the important contributions of State humanities councils. Again, as many of the endeavors of the NEH fundamentally benefit our nation and our national history, the committee believes that research and scholarship activities should be maintained at the national level. Preservation projects and research and scholarship projects extend beyond the boundaries of one State and can only be sufficiently supported by a strong national program. This strong national commitment is a focus of S. 856 and the committee maintains that the NEH should continue to have the capacity to make contributions in supporting and preserving the works of scholars and historians as well as stimulating new scholarship in the humanities.

The same determinations made with reference to the National Council on the Arts apply to the decisions made by the committee to reduce the National Council on the Humanities. The smaller membership both reduces the bureaucracy at the agency and allows for more meaningful discussion and decision making. Members will not be eligible for re-appointment unless they have served less than 3 years on a previous term. Again, such limits on service are intended to increase the breadth of representation on the National Council and increase the Council's decision making responsibility.

The bill maintains the strict provisions relating to sanctions and repayment for direct or indirect recipients of funding who have failed to satisfy the purposes for which a grant was made. The committee would encourage the agency to continue in its effort to provide sufficient follow up in this area and fully enforce this provision of the legislation.

TITLE II—MUSEUM AND LIBRARY SERVICES ACT

The legislation calls for a merger of the Institute for Museum Services and the Library Services and Construction Act into the Institute for Museum and Library Services. Provisions relating to the Institute for Museum Services have been maintained from current law while many of the provisions relating to the Library Services and Construction Act have been changed to reflect the prevailing needs and concerns of the American public as they relate to library services. The concentration of the library programs has been shift-

ed to access and technology. The committee, in merging these programs, has noted the benefit to be gained by the American public through this closure association. The programs will also be strengthened from collaboration and partnership in the critical areas of technology and access. The committee believes that support for museums and libraries is vital as they are institutions which have proven effective in enhancing educational opportunities for all. By uniting the forces of libraries and museums in local communities, the committee believes that learning opportunities will be enhanced for individuals in those communities.

The Director of the Institute for Museum and Library Services shall be appointed by the President with the advice and consent of the Senate for a term of 4 years. The Director will oversee the Office of Museum Services and the Office of Library Services. The expertise of the Director shall rotate each term between an individual who has special competence with regard to library and information services and an individual who has competence with regard to museum service in order to ensure a balance in administering these programs. The museum services program remains as it is now, with a Museum Board advising the director on museum policy, while the library program will be advised by the National Commission on Library and Information Sciences.

The library program under S. 856, referred to as the Library Services and Technology Act, represents a marked departure from the current administration and focus of the program. The Library Services and Technology Act consolidates, streamlines and simplifies administration of the current library program with the intent of providing services more efficiently. The focus and priorities of the act have been changed to library and information access through technology and access to libraries and information through the provision of special services. In addition, the committee mandates a national leadership program designed to enhance the quality of library services nationwide. Funds have been specifically reserved to provide assistance for children in poverty, Indian tribes and for the national leadership program in library science. Administration of the Federal program has been capped at 10 percent of authorized funds and administration at the State level has been capped at 5 percent of authorized funds. Such provisions have been incorporated to ensure that the bulk of the money is available to State library administrative agencies to serve the local community's needs.

The committee, in highlighting the importance of information access through technology, has sought to afford States the ability to improve library and information service by providing access to information delivered by libraries. The committee intends for funds to be used to support the development and improvement of the technology infrastructures of libraries. In addition, the committee has sought to assist States in improving library and information services for those of all ages and cultures who have difficulty getting to a library, need special materials of services, or would benefit from outreach service. In providing funds to State library administrative agencies, the committee intends for them to focus on initiatives such as increasing literacy and lifelong learning, providing services and materials to special populations, and providing

services and outreach to people in rural or urban areas. The bill provides for a reservation of funds to be distributed to the State agency for children in poverty, based on a formula of \$1.50 for each preschool aged child and \$1.00 for every school aged child. Priorities for the use of such funds include the development of after school homework support and summer and vacation reading programs, family literacy programs, extension of branch hours to provide resources for homework, peer tutoring programs, training programs involving library and other service providers and the hiring of outreach staff. The committee recognizes the importance and value of enhancing library services in the area of technology as the nation moves into the 21st century and has, therefore, shifted the focus of our national library program from construction to information technology. In addition, the committee agrees that the provision of special services and outreach to underserved communities benefits the nation by increasing the educational opportunities available to those who might not otherwise receive it.

It is the committee's intent that the National Commission on Library and Information Sciences serve as an advisory board to the Director of the Institute for Museum and Library Services with respect to general policies. The Director of the Institute of Museum and Library Services has been included as an ex officio, non voting, member of the Commission. The committee does not intend for the Commission to have the responsibility to advise or direct State administrative agencies on matters of State or local administration of funds awarded under this act.

Since the committee held no hearing on the recommended changes in both the structure and the administration of the library program, some additional background is provided. Over the years LSCA has evolved and changed significantly to meet the needs of the Nation.

In response to the library community's work to consolidate, simplify, and update LSCA, the committee made significant changes in an effort to continue its spirit but tailor it to reflect the information needs of the American people into the next century.

A number of factors came together to provide the momentum for change within the library community, including the impending sunset of the existing LSCA; the recommendations of the 1991 White House Conference on Library and Information Services; the emphasis within both branches of government on reexamining Federal priorities, increasing government accountability, and reinventing Government and the evolving information super-highway and changing technologies.

Spearheaded by the American Library Association (ALA), a Task Force on LSCA Reauthorization was established in 1993 with representatives from ALA, the Chief Officers of State Library Agencies, and the Urban Libraries Council. The groups also opened their deliberations to participation or observation from the National Commission on Libraries and Information Science, and the Office of Library Programs in the Department of Education. The result was a proposal in late 1994 for a Library Services and Technology Act to replace current law. The committee has included a modified version of this proposal in the legislation.

The committee bill states that strong library services are essential to empower people to succeed in our Nation's increasingly global and technological environment. Most library funding is local, but federal stimulus funds are concentrated on certain critically important and appropriate national goals. The State-based programs under LSTA sharpen the focus on two of these goals: to adapt new technologies to identify, preserve, and share library and information resources across institutional, local, and State boundaries; to ensure that all Americans have access to the information superhighway; and to extend outreach to those for whom library service requires extra effort to special materials (such as new readers, the geographically isolated, children in poverty, or people with disabilities).

The committee is also concerned with additional national goals: to ensure that the existing information infrastructure of libraries is technologically equipped to perform public and governmental functions cost effectively, such as supporting literacy and lifelong learning; organizing and providing access to Federal, State, and local government information; undergirding economic development by providing jobs information and supporting small businesses; and providing consumer health information; and to support education and training in library and information science, research and demonstrations relating to improvement of library services, and preservation or digitization of library materials and resources. To provide national-level attention to these goals, the committee bill establishes a National Leadership Program to enhance the quality of library services nationwide. Of funds appropriated, 8 percent is reserved to carry out a national leadership program in library science. The committee expects that, subject to the availability of funds, activities each year under this program would include education and training programs, research and demonstration projects, and preservation or digitization of library materials and resources.

The committee bill places the administration of library programs in an independent agency rather than in the Department of Education, as is currently the case with LSCA. The independent agency is a combined Institute of Museum and Library Services. This step has been taken for a number of reasons. The committee believes that in moving the library programs from the Department of Education, it will provide an opportunity for enhanced stature and stability in this newly consolidated Institute of Museum and Library Services. The committee notes that fewer than half of the State library administrative agencies that administer LSCA funds in the States are located in a state department of education. Libraries and library agencies, cooperatives, and networks are engaged in information infrastructure initiatives, economic development initiatives, digital library and preservation initiatives, archival and government information activities, and many other State and local partnerships that extend beyond libraries' educational role. The committee intends that the Department of Education should continue its historic role in the collection and compilation of data about libraries and their users; and its support of libraries in connection with educational research, information dissemination, and education and training activities, as well as other assistance to educational institutions and programs at all levels.

However, the committee sees great potential in an Institute that is focused on the combined roles that libraries and museums play in our community life, in support of research, learning, and entertainment, and in support of American culture and history. The joint museum-library projects called for in the committee bill could include projects in which libraries and museums cooperate in helping children learn and discover; coordinate related preservation projects; make use of electronic networks and digital media; or develop joint exhibits, to cite just a few examples.

The committee recognizes that the Institute will need staff experienced in, and capable of, administering State-based and national library programs. The committee intends that the Director of the Institute should give serious consideration to candidates who are currently or recently employed in the Office of Library Programs at the Department of Education. It is the committee's intent that current Federal employees with appropriate qualifications be given every consideration in the staffing of the Office of Library Services at the Institute.

In taking this step to integrate these two agencies, the committee has also made an effort to preserve the mission and integrity of each. The committee intends for the museum program and the library program to be equal partners in this newly constituted Institute. Museums and libraries are institutions that make enormously significant contributions to the community, and the committee believes strongly that an understanding of this balance with regard to their benefit and utility continue to be recognized and respected.

TITLE III—ARTS AND ARTIFACTS INDEMNITY ACT

The committee has not made significant changes to the Arts and Artifacts Indemnity program. Since its creation, the Arts and Artifacts Indemnity Act, at little cost to the Federal Government, has provided the insurance needed to bring acclaimed international exhibitions to communities throughout the United States. It has permitted millions of Americans to benefit from touring exhibitions which might otherwise be unavailable to them. With the extension of indemnification to United States exhibitions touring throughout our nation, this program will make American exhibitions even more widely available.

The committee eliminates the Federal Council on the Arts and Humanities since all its functions are exercised by other agencies. One function that it has performed well has been in making decisions regarding the Arts and Artifacts Indemnity Act program. Thus, in passing that final decision making role to the Chairperson of the NEA, the committee encourages the Chairperson to seek the advice of the other agencies represented currently on the Federal Council in the review process for the program. The committee suggests that the NEA utilize such a process and receive input from individuals from other interested agencies when making indemnification decisions. The committee is aware that concerns remain regarding accountability and will continue to examine this issue.

VI. COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 24, 1995.

Hon. NANCY LANDON KASSEBAUM,
Chairman, Committee on Labor and Human Resources,
U.S. Senate, Washington, DC.

DEAR MADAM CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 856, the Arts, Humanities, and Museums Amendments of 1995, as ordered reported by the Senate Committee on Labor and Human Resources on July 19, 1995.

The bill would affect direct spending and thus would be subject to pay-as-you-go procedures under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 856.
2. Bill title: Arts, Humanities, and Museums Amendments of 1995.
3. Bill status: As ordered reported by the Senate Committee on Labor and Human Resources.
4. Bill purpose: S. 856 would extend the authorizations of the National Endowment for the Arts and the National Endowment for the Humanities through fiscal year 2000. In addition, the bill would establish a new Institute of Museum and Library Services under the Foundation on the Arts and Humanities. The bill would move the current Institute for Museum Services to the new agency and reauthorize those museum programs for fiscal years 1996–2000. S. 856 would repeal the current authorization for library programs under the Library Services and Construction Act and title II of the Higher Education Act of 1965. In its place, a new Office of Library Services would be established within the Institute of Museum and Library Services. The bill would establish two new library grant programs which would be administered by the Office of Library Services and would authorize their funding for fiscal years 1996–2000.
5. Estimated cost to the Federal Government: The following table shows spending under S. 856 with adjustments for inflation where such sums as may be necessary are authorized. When inflation is considered, the authorizations for the Office of Museum Services and the Office of Library Services are estimated to grow over time.

PROJECTED SPENDING UNDER S. 856—WITH INFLATION ADJUSTMENT FOR UNSPECIFIED AUTHORIZATIONS

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000
National Endowment for the Arts						
Authorizations of appropriations under current law:						
Budget authority ¹	167					
Estimated outlays	166	114	34	14		
Proposed changes:						
Authorization level		154	146	139	132	125
Estimated outlays		47	123	132	139	132
Authorizations of appropriations under S. 856:						
Authorizations level ¹	167	154	146	139	132	125
Estimated outlays	166	161	157	147	139	132
National Endowment for the Humanities						
Authorizations of appropriations under current law:						
Budget authority ¹	177					
Estimated outlays	185	104	4	9		
Proposed changes:						
Authorization level		160	152	145	137	130
Estimated outlays		69	123	143	143	136
Authorizations of appropriations under S. 856:						
Authorization level ¹	177	160	152	145	137	130
Estimated outlays	185	173	163	151	143	136
Office of Museum Services						
Authorizations of appropriations under current law:						
Budget authority ¹	29					
Estimated outlays	46	20				
Proposed changes:						
Authorization level		29	30	31	32	33
Estimated outlays		8	29	30	31	32
Authorizations of appropriations under S. 856:						
Authorization level ¹	29	29	30	31	32	33
Estimated outlays	46	29	29	30	31	32
Office of Library Services						
Authorizations of appropriations under current law:						
Budget authority	144	149	12	13		
Estimated outlays	145	146	98	48	7	3
Proposed changes:						
Repeal existing program:						
Authorization level		-149	-12	-13		
Estimated outlays		-54	-61	-48	-7	-3
Authorize new programs:						
Authorization level		150	155	161	166	172
Estimated outlays		60	118	156	162	167
Authorizations of appropriations under S. 856:						
Authorization level	144	150	155	161	166	172
Estimated outlays	145	152	155	156	162	167

¹ The 1995 figure is the amount actually appropriated for that fiscal year.

Notes.—Details may not add to totals due to rounding. Authorizations of library programs assume a one-year extension as provided under the General Education Provisions Act (GEPA).

The following table summarizes the estimated budgetary impact of the bill without adjustments for inflation where such sums as may be necessary are authorized. The authorizations for the Office of Museum Services and the Office of Library Services are assumed to equal the 1996 authorized levels. Because authorizations for the National Endowment for the Arts and the National Endowment for the Humanities are specified in the bill, the estimates for those programs are the same as in the table with adjustments for inflation above.

PROJECTED SPENDING UNDER S. 856—WITH NO INFLATION ADJUSTMENT FOR UNSPECIFIED AUTHORIZATIONS

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000
National Endowment for the Arts						
Authorizations of appropriations under current law:						
Budget authority ¹	167					
Estimated outlays	166	114	34	14		
Proposed changes:						
Authorization level		154	146	139	132	125
Estimated outlays		47	123	132	139	132
Authorizations of appropriations under S. 856:						
Authorization level ¹	167	154	146	139	132	125
Estimated outlays	166	161	157	147	139	132
National Endowment for the Humanities						
Authorizations of appropriations under current law:						
Budget authority ¹	177					
Estimated outlays	185	104	40	9		
Proposed changes:						
Authorization level		160	152	145	137	130
Estimated outlays		69	123	143	143	136
Authorizations of appropriations under S. 856:						
Authorization level ¹	177	160	152	145	137	130
Estimated outlays	185	173	163	151	143	136
Office of Museum Services						
Authorizations of appropriations under current law:						
Budget authority ¹	29					
Estimated outlays	46	20				
Proposed changes:						
Authorization level ¹		29	29	29	29	29
Estimated outlays		8	29	29	29	29
Authorizations of appropriations under S. 856:						
Authorization level	29	29	29	29	29	29
Estimated outlays	46	29	29	29	29	29
Office of Library Services						
Authorizations of appropriations under current law:						
Budget authority	144	144	11	11		
Estimated outlays	145	145	96	46	7	3
Proposed changes:						
Repeal existing programs:						
Authorization level		-144	-11	-11		
Estimated outlays		-53	-59	-46	-7	-3
Authorize new programs:						
Authorization level		150	150	150	150	150
Estimated outlays		60	116	150	150	150
Authorizations of appropriations under S. 856:						
Authorization level	144	150	150	150	150	150
Estimated outlays	145	152	153	150	150	150

¹ The 1995 figure is the amount actually appropriated for that fiscal year.

Notes.—Details may not add to totals due to rounding. Authorizations of library programs assume a one-year extension as provided under the General Education Provisions Act (GEPA).

The costs of this bill fall within budget function 500.

6. Basis of Estimate: S. 856 reauthorizes through fiscal year 2000 the National Endowments for the Arts and Humanities. These programs currently are authorized only through fiscal year 1995. The amounts authorized for fiscal years 1996 through 2000 are stated in the bill. The National Endowment for the Arts would be reauthorized for a total amount of \$696 million over 5 years. The National Endowment for the Humanities would be reauthorized for a total of \$724 million over the same period.

S. 856 also amends the Museum Services Act (renamed the Museum and Library Services Act) to establish within the Foundation on the Arts and Humanities an Institute of Museum and Library

Services. The Institute would consist of an Office of Museum Services (absorbing the existing Institute for Museum Services) and an Office of Library Services. The bill provides for a new Director of the Institute and a Deputy Director of the Office of Library Services. CBO estimated that the costs for these two new positions would be less than \$500,000 each year.

S. 856 authorizes the appropriation of \$29 million in 1996 for grants and projects to improve museums which would be administered by the Office of Museum Services. The bill would also authorize such sums as may be necessary for 1997 through 2000 for these programs. Estimated outlays assume full appropriation of the amounts authorized and the continuation of the current spending pattern.

S. 856 authorizes the appropriation of \$150 million for fiscal year 1996 and such sums as may be necessary for 1997 through 2000 for two new library programs to be administered by the newly created Office of Library Services. The Information Access Through Technology program, authorized at \$75 million for fiscal year 1996, would provide grants to states to improve library access to information delivered through new technologies. The Information Empowerment Through Special Services program, authorized at \$75 million for fiscal year 1996, would provide grants to states to ensure access to library services to all persons, including children in poverty and individuals who live far from libraries.

In addition, S. 856 repeals the Library Services and Construction Act and title II of the Higher Education Act of 1965, which currently authorize several library programs administered by the Department of Education. The Library Services and Construction Act authorizes programs that support public libraries with appropriations totalling \$133 million in 1995. Title II of the Higher Education Act of 1965 authorizes programs that support college libraries with appropriations totalling \$11 million in 1995. Total appropriations for programs under these two acts repealed by S. 856 were \$144 million in 1995.

RECEIPTS

Office of Library Services

S. 856 authorizes the new Institute of Museum and Library Services to accept and use or dispose of gifts and donations of property and services in carrying out the act. Since donations are uncommon in other instances when agencies of these departments have this authority, and because no particular gifts are expected, CBO has not estimated any direct spending effects from this provision.

National Endowment for the Arts and the National Endowment for the Humanities

S. 856 authorizes the chairpersons of the two endowments to recapture funding to grantees who have experienced commercial success for their projects within 5 years after the end of the grant. Recaptured funds would go into the Treasury in an account credited to the appropriate endowment. Because it appears that this provision could not be applied retroactively, and because funds that could be recaptured under this bill are subject to subsequent appro-

priations actions, CBO estimates that there will be no budgetary impacts over the next 5 years.

7. Pay-as-you-go considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. Because several sections of this bill would affect receipts and direct spending, pay-as-you-go procedures would apply. The following table shows the estimated pay-as-you-go impact of this bill:

	1995	1996	1997	1998
Change in Outlays	0	0	0	0
Change in Receipts	0	0	0	0

8. Estimated cost to State and local governments: The Federal share of grants awarded by the National Endowments for the Arts and Humanities under S. 856 would range from 25 to 50 percent of the total program costs. State and local governments or private entities would assume the remaining costs of activities. Both endowments award categorical grants on a competitive basis.

The Federal share of grants awarded by the Office of Museum Services shall not exceed 50 percent, with nonfederal sources paying for the other share. These grants would be categorical as well.

The Federal share of the new library programs would be 50 percent, compared to 33 percent to 66 percent (varying by state) for current public library programs that would be repealed under the bill. Funds would be distributed to States by formula. States and local governments that do not maintain their efforts in supporting the programs would have Federal funding reduced.

9. Estimate comparison: None.

10. Previous CBO estimate: None.

11. Estimate prepared by: Justin Latus.

12. Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

VII. REGULATORY IMPACT STATEMENT

The committee has determined that there will be only a negligible increase in the regulatory burden of paperwork as a result of this legislation.

VIII. SECTION-BY-SECTION ANALYSIS

ARTS, HUMANITIES, AND MUSEUMS AMENDMENTS OF 1995

To amend the National Foundation on the Arts and the Humanities Act of 1965, the Museum Services Act, and the Arts and Artifacts Indemnity Act to improve and extend the arts, and for other purposes.

The short title is presented as the Arts, Humanities and Museums Amendments of 1995.

TITLE I—NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES ACT OF 1965

Section 1 of the bill amends the National Foundation on the Arts and the Humanities Act to provide a short title to be cited as the “National Foundation on the Arts and the Humanities Act of 1965” and includes a table of contents, indicating how current law will be reorganized, restructured, and replaced.

Section 2 of the bill alters the “Purposes” in current law by changing the number of purposes from 12 to 9 with subparts. The “purposes” are reworded and reordered, but still include some of the same basic tenets as in current law. The first purpose adds a new phrase “to support the arts and the humanities that are essential to social, cultural, and economic progress.” The second purpose reiterates that support of the arts and humanities, while primarily matters for private and local initiative are also appropriate matters of concern for the Federal Government.

Section 3 of the bill alters current law definitions and adds a new definition of program income. Under Section 3(1) the bill amends the definition of the “arts” to include dance, design, literature, media, music, theater, and visual arts; as well as folk and traditional arts; and the study of the arts through apprenticeships or work-study experiences for artists and art teachers. It eliminates from the current law definition of the “arts” the specific terms opera, film and video, graphic and craft arts, industrial design, architecture and allied fields, creative writing, costume and fashion design, painting, sculpture, and photography. Section 3(5) amends the current law definition of “Humanities” by adding the study and interpretation of “folklore and folklife.” Section 3(6) contains a new definition of “program income” to mean any money earned or received by a recipient of an NEA or NEH grant. It outlines types of income from the sale of an item created, from a licensing fee, a rental fee for equipment, an admission fee, broadcast or distribution right, or a royalty on a patent or copyright. This section also adds definitions of “grant,” “group,” “cultural heritage,” “regional group,” “State,” and “underserved communities.”

TITLE I—NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Section 101 of the bill authorizes the National Foundation on the Arts and the Humanities composed of a National Endowment for the Arts, a National Endowment for the Humanities, and a new Institute of Museum and Library Services (that replaces and incorporates the current institute of Museum Services), the purpose of which is to promote a National policy of support for the arts and the humanities in the United States. The bill keeps the same limitation as current law on Federal control. It defines donations, bequests, and devises, both restricted and unrestricted, and outlines what tax laws will affect gifts to the Foundation.

Section 102 of the bill prohibits grants from being used for the purposes of lobbying or providing membership services for groups.

Section 103 of the bill provides for joint administration of NEA and NEH, with the Inspector General’s Office to be shared. This section requires the Chairperson of NEA and of NEH to prepare a

joint administrative plan not later than 60 days after enactment, to be implemented in not less than 180 days.

Section 104 of the bill provides for the Chairperson of the NEA and the Chairperson of the NEH, in consultation with persons with expertise in the arts, humanities, business, charitable giving and copyright, to jointly conduct or contract for a study on creating a true endowment that would provide supplemental funding to the agencies and report on their findings to Congress within a year.

Section 105 of the bill provides authorizations of appropriations for the Foundation through fiscal year 2000. It authorizes total appropriations for NEA: \$153,900,000 for fiscal year 1996, \$146,205,000 for fiscal year 1997, \$138,895,000 for fiscal year 1998, \$131,950,000 for fiscal year 1999 and \$125,353,000 for fiscal year 2000. Forty percent of the amount appropriated is reserved for making partnership grants, 40 percent for national significance grants, 10 percent for direct grants, and 10 percent for arts education and underserved communities grants. Section 105 authorizes total appropriations for NEH: \$160,117,000 for fiscal year 1996, \$152,111,000 for fiscal year 1997, \$144,505,000 for fiscal year 1998, \$137,260,000 for fiscal year 1999, and \$130,397,000 for fiscal year 2000. Thirty percent of the amount appropriated is reserved for partnership grants (with 5 percent under partnership grants to be reserved for activities relating to elementary and secondary education in the humanities); 35 percent for national significance grants, and 35 percent for scholarly research grants. Section 105(c) limits administrative costs for NEA and NEH to not more than 12 percent of the amount appropriated, with not more than \$100,000 available for the President's Committee on the Arts and the Humanities. Both are limited to \$100,000 for official reception and representation expenses for fiscal year 1996 and \$50,000 thereafter from donated funds. Up to 3 percent of total appropriations would be available for employee severance pay and employee buy out programs for the NEA only.

TITLE II—NATIONAL ENDOWMENT FOR THE ARTS

Section 201 of the bill defines “developing arts organization,” “final judgment,” “local arts agency,” “obscene,” “determined to be obscene,” “production,” “project,” “renovation and construction,” and “workshop.” In defining “obscenity,” the word “program” in the current law definition is changed with “projects, productions, and workshops,” which are used consistently throughout the legislation. As in current law, “determined to be obscene” means in the “final judgment of a court of record.” When defining “production,” the bill eliminates specific arts disciplines as part of the definition and defines production as any activity involving the execution or rendition of the arts, meeting such standards as may be approved by the Chairperson of the NEA. It adds to the term “project” the phrase “to enhance the widest public access, knowledge and understanding of the arts.”

Section 202 of the bill establishes the National Endowment for the Arts. It provides that the Chairperson of NEA be appointed by the President by and with advice and consent of the Senate for a 4-year term, as in current law. It allows the Chairperson to serve

the remainder of a predecessor's term, or to serve until a successor is appointed, and the Chairperson is eligible for reappointment.

Section 202(c) of the bill provides a new section for Partnership Grants, those grants to States, local and regional groups, for local arts activities, with preference to arts education and projects that reach rural and urban underserved communities. This section rearranges but contains similar language as in the current law NEA State grants-in-aid section. Section 202 (c) of the bill directs that funds be used for basic State grants and outlines types of projects funded as follows: first, projects that meet standards of excellence and artistic merit; that broaden public access to the arts in rural and urban underserved communities (although this section takes out the specific reference in current law to "tribal community"); that enhance the artistic capabilities of developing arts organizations through staff development; and that provide technical assistance to improve long range fiscal planning. Application procedures must be in accordance with a State plan, designating a sole agency for the administration of the State plan; and providing that funds expended are solely for the projects approved by the State agency. Reports are required as they are in current law, describing the progress made, objectives of the plan, and most recent information on projects available to all people and communities in the State, especially to underserved communities. The Chairperson has final approval on whether the State plan satisfies requirements.

Section 202 of the bill, as in current law, authorizes a minimum State allotment of \$200,000. If funds are insufficient, then funds would be allotted in equal amounts. In the case of excess funds, 25 percent of funds available would be for the Chairperson to make grants to States and regional groups. The remainder of the excess would be allotted to each State in equal amounts, with no State receiving less than \$200,000. In general, the Federal share pays not more than 50 percent of the total cost of activities, with some exceptions. For any grant exceeding \$125,000, 100 percent of the cost may be paid. However, grant funds used to pay 100 percent of cost cannot exceed 20 percent of the total funding. There is a clause prohibiting supplanting of non-Federal funds. With regard to excess funds, "State" is defined as including those jurisdictions with a population of 200,000 or more.

Section 202(d) of the bill provides a new separate authority for National Significance Grants to groups to increase access of all people, especially underserved communities, to the "best of arts and culture" in the United States. The Chairperson, with the recommendation of the National Council on the Arts provides grants for projects with national, regional or substantial artistic or cultural impact, including projects for long-range financial planning, increased community support; technology use; and access for individuals with disabilities, minority, or underserved populations. The Federal share for these grants may not exceed 25 percent with exceptions, or if the annual budget of an institution is in excess of \$3 million, the Federal share is 16.67 percent. Up to 10 percent of funds may be available to pay up to 50 percent of the total cost of a project, production or workshop. Generally, priority shall be given to those projects, productions or workshops that increase access to the public, especially underserved communities, to culture and the

arts through touring, or national dissemination, or by geographic dispersion.

Section 202(e) of the bill provides a new separate authority for Direct Grants to individuals and groups broadly representative of cultural heritage and geographically representative. Grants would be awarded only to individuals for literature fellowships. The Chairperson with the National Council on the Arts' recommendation provides grants to groups or individuals who meet the standard of artistic excellence and artistic merit and that fulfill the purposes of the Act. The Federal share is generally 50 percent with not more than 20 percent of the funds available with an increased Federal share. Priority will be given to projects that will be disseminated widely after completion.

Section 202(f) of the bill provides a new separate authority for Arts education and underserved communities grants. It would provide grants to State arts agencies, local, or regional groups to promote and improve the quality of arts instruction and arts education; to develop arts faculty; to support arts curricular development; to support apprenticeships, internships and work-study experiences for artists and arts teachers; to provide technical assistance and increase capacity of developing arts organizations in underserved communities through staff development and long-range fiscal planning. The Federal share would be 50 percent.

Section 203 of the bill outlines the application process with similar provisions to current law. Applications must be in accordance with regulations and procedures established by the Chairperson. Applications for grants must insure artistic excellence, be judged by advisory panels, and take into consideration "general standards of decency and respect for the diverse beliefs and values of the public of the U.S." In selecting groups as recipients, preference would be for artistically underserved rural and urban areas, and artists and artistic groups traditionally under-represented. Regulations must reiterate that obscenity is without artistic merit, is not protected speech and will not be funded. As in current law, this section clarifies that the disapproval of an application is not to be construed as evidence that work is obscene.

Section 204 of the bill outlines requirements for advisory panels. Panels would review grants on the basis of artistic excellence and artistic merit yet would recommend only general ranges of funding. Regulations must ensure that panel members reflect a wide geographic, ethnic and minority representation, as well as diverse cultural points of view. Two of the members would be lay individuals, with knowledge about the arts, but not engaged in arts as a profession or employees of artists or arts organizations. This section repeats the qualifications and report requirements as in current law. Each panel will make written records of meetings, and make those records available to the public while protecting individual applicants. This section permits site visits of an applicant's work being reviewed. One new clause directs that each panel will recommend more applicants for grants than are anticipated can be provided funding. This section requires that each panel change from year to year and provides that no individual serve more than 5 years, no two of which may be consecutive years. This section prohibits any panel member from serving who has a conflict of interest, i.e., who

is an employee or associated with an agency with a pending application or who has any direct or indirect financial interest in any application, until a final decision on the application has been reached by the Chairperson.

Section 205 of the bill establishes the National Council on the Arts consisting of the Chairperson of the NEA as the Chair of the Council, and reduces the number from 26 (in current law) to 20, the other members appointed by the President, by and with the advice and consent of the Senate. The bill describes selection of members who are private citizens widely recognized for their broad knowledge in the arts with established records of service; and having achieved eminence in the arts. These may include practicing artists, civic cultural leaders, members of cultural professions and others who are professionally engaged in the arts; allowing an appropriate distribution of members among the major art fields. The bill does not mention museum professionals as in current law. The President may consider recommendations by leading national organizations in major art fields. There must be due regard to equitable representation of women, racially diverse individuals, and individuals with disabilities, who are involved in the arts. Members would serve 6-year terms, but these would be staggered, expiring the third day of September in the year of expiration, with some serving the remainder of an individual's term in the case of a vacancy; or serving after expiration until a successor takes office. Due to the reduction in the size of the Council the terms of 10 members whose terms would normally expire September 3, 1996 would expire Jan. 1, 1996 and four members will be appointed to serve until Sept. 3, 2002. Compensation is changed from current law level of GS-18 to a fixed daily rate not to exceed a GS-15. The Council will meet at least twice, with 11 members constituting a quorum, and all policy meetings will be open to the public.

Section 205 of the bill describes the Council's duties to advise the NEA Chairperson on policies, to review grant applications, and to make recommendations with respect to approval, funding, and criteria or artistic excellence and artistic merit, including the extent to which the applicant serves an underserved community. This section institutes a new provision requiring the National Council to recommend more applications that can be provided funding. The Council is required to have written records of meetings, and to make records available to the public while protecting the privacy of individual applicants for grants. The Chairperson may not approve or disapprove grants until it has received the recommendation of the Council. The section clarifies that the Chairperson has final authority to approve and to determine the final amount of funding. As in current law, the Chairperson may not approve an application if the Council makes a negative recommendation. In the case of an application or an amendment to an application involving \$35,000 or less or a request for a change in a grant amount of 20 percent or less, the Chairperson may approve or disapprove the amendment if such delegation of authority does not exceed 2 percent of appropriations.

Section 206 of the bill prohibits subgranting and seasonal support to groups. The Chairperson must ensure that no grants except those made to State or regional groups are used to make grants to

any other organization or individual to conduct activity independent of the original grant recipient. This section also includes compliance with Department of Labor standards for minimum compensation for professional performers and related personnel, and compliance with safety and sanitary laws as prescribed by the Secretary of Labor. Grant awards are limited to two for individual and three for agencies or groups other than a State agency. Cooperative agreements too are excluded from this limit. Groups must be non-profit. An individual receiving direct grants must be a citizen or other national of the United States; be a permanent resident or filing for naturalization; or be not permanently ineligible to become a citizen. The Chairperson distributes payments in installments, so that not more than two-thirds of the grant is disbursed at the time the grant is approved, with the remainder released when the Chair finds compliance. Any loan made must be in accordance with the terms of the Secretary of the Treasury.

Section 207 of the bill outlines administrative provisions for NEA that are comparable to those in current law. The Chairperson must prescribe regulations for the Chairperson's functions. The Chairperson would solicit, accept, receive, invest and use money and other property bequeathed or devised; or could use, sell, or dispose of such property for carrying out activities of the endowment. The Chairperson appoints and pays employees, and may procure temporary and intermittent services of experts; utilize voluntary services; make payments, and rent office space. For publications, the Chairperson consults with the Joint Committee on Printing. The Chairperson coordinates the programs of NEA with other Federal agencies and may enter into interagency agreements. The role of the Federal Council on the Arts and the Humanities has been deleted.

Section 208 of the bill outlines NEA report requirements. The Chairperson must submit an annual report on or before April 15, summarizing the activities of NEA for the preceding year. Each applicant is required to submit financial reports, a timetable for completion, and assurances that standards of artistic excellence and artistic merit are being met. Each grant recipient must carry out projects as described in the application or justify any requested change in writing; make interim reports, financial reports, and final reports including the condition that standards of artistic excellence and artistic merit are being met. The Chairperson determines the appropriate form of interim reporting, and where practicable requires a copy of the project or production. The Chairman conducts a postaward evaluation. There will be no additional funding unless each recipient has submitted interim, financial and final reports.

Section 209 of the bill delineates sanctions, payment provisions and contains a new "recapture" clause. If any recipient of a grant fails to satisfy the grant purposes, the Chair can deny any subsequent funding after consideration of a post award evaluation. Also direct or indirect recipients are prohibited from using the name of the endowment; and if the product was a publication, it is to carry a disclaimer that the findings, conclusions, recommendations expressed in this publication do not reflect the views of NEA. After determining noncompliance, the Chairperson, after providing rea-

sonable notice and a hearing, could deny further funding and if compliance is impossible, the recipient must repay or arrange for repayment. If a determination has been made that the work is "obscene," after reasonable notice and a hearing, the recipient must repay the funding and no subsequent funding would be provided. Funds repaid are to be deposited in the Treasury as miscellaneous receipts. As in current law, this subsection would not apply to grants made before October 1990, and would not apply after expiration of a 7-year period.

Section 209 of the bill includes new language for "recapture" provisions whereby a recipient shall pay one-third to one-half of the amount of revenue generated within 5 years after the end of the grant period, but not more than the amount of funding—when that recipient has derived net program income for a project that exceeds the lesser of \$50,000 or twice the amount of funding. The Chairperson may increase the amount of funding to be paid back above the amount of the grant if an agreement has been reached with the grantee upon award. The U.S. Treasurer would deposit funds paid or repaid under this act in a special interest bearing account to the credit of the Endowment.

Section 210 of the bill outlines provisions for the National Medal of Arts. The Medal of appropriate design is to be awarded by the President on the basis of recommendations from the National Council on the Arts to individuals or groups deserving of special recognition for their outstanding contribution to the excellence, growth, support, and availability of the arts in the United States. Awards are limited to 12 in any calendar year. Awards can be for individuals or groups if organized or incorporated in the United States. The ceremony is a presentation by the President. In addition, the Chairperson shall present an award for distinguished lifetime service for the Arts to former Chairpersons to celebrate the 30th anniversary of Endowment. Funding for this will come from donated funds.

TITLE III—NATIONAL ENDOWMENT FOR THE HUMANITIES

Section 301 of the bill includes definitions of "project," "renovation or construction" and "workshop."

Section 302 of the bill establishes the National Endowment for the Humanities. It provides that the Chairperson of NEH be appointed by the President by and with advice and consent of the Senate for a 4-year term. The Chair may serve the remainder of a predecessor's terms; or may serve until a successor is appointed; and the Chairperson is eligible for reappointment.

Section 302(c) of the bill authorizes NEH partnership grants, grants to States agencies or State entities, to support programs of the humanities councils at the State and local level. The Chairperson of NEH acting with the recommendation of the National Council on the Humanities is authorized to make grants to assist State entities. The Federal share will be not more than 50 percent of the cost. Contributions from non-Federal sources will go into a trust fund for long-term financial support for State activities.

Section 302(c) of the bill provides that a state agency be designated as the sole agency for administration of the State plan. In any State agency's application for a State plan the chief executive

officer of the State may appoint members to the State humanities council. These grants provide for expenditure from State funds an amount equal to 50 percent of the portion of funding through the minimum State allotment or 25 percent through partnership grants made, whichever is greater for the fiscal year involved. Funds must be expended solely on activities approved by the State agency to bring the humanities to the public. The State agency must report the progress made toward achieving the objectives of the State plan; including a written description of the level of participation by scholars and scholarly organizations supported; and a description of activities addressing the availability of the humanities to all people. The Chairperson may not approve an application unless the State plan satisfies these requirements.

Section 302(c) of the bill authorizes grants to appropriate State entities, and the language is similar to that in current law. In any State in which the chief executive officer of the State fails to submit an application, the Chairperson may make grants to an appropriate entity in the State, if eight members of the council are appointed by an appropriate officer or agency of the State. The Officer would select members from among individuals who have knowledge or experience in the humanities. If a State fails to submit an application, any appropriate entity desiring to receive a grant may submit an application accompanied by a State plan, providing assurances of compliance designed to bring the humanities to the public; establishing a membership policy; providing for a nomination process; a membership rotation process; reporting procedures; ensuring public access to information; and making reports as required. The entity must provide public meetings in the State to allow scholars and interested organizations and the public to present views and make recommendations concerning the State plan. The plan must describe participation by scholars, and activities supported that address the availability of the humanities to all people or communities.

Section 302(c) of the bill provides minimum State allotments of at least \$200,000 as under current law. If funds are insufficient then funds will be allotted in equal amounts. In the case of excess funds, 34 percent of funds available will be for the Chairperson to make grants to State entities. Forty-four percent will be allotted so that each state receives an equal amount. The remainder will be allotted so that each State entity receives an amount that bears the same ratio to the remainder as State population does to national population. In general, the Federal share pays not more than 50 percent of the total cost of activities with some exceptions. For some grants to State entities exceeding \$125,000 a portion may pay 100 percent of the cost. However, only 20 percent of total grants funds may be used to pay 100 percent of the cost. Funds shall not be used to supplant non-Federal funds. The Chairperson may not make grants to more than one entity in any State.

Section 302(d) of the bill provides a new section with a separate authority for National Grants for groups, individuals and State agencies or entities to carry out activities relating to education and the public humanities that have a national audience, and are of national significance. Such activities include postsecondary education in the humanities; media projects, projects in museums, by histori-

cal organizations; projects in libraries, archives; public humanities projects; endowment building, and technology activities. The Chairperson with the National Council on the Humanities' recommendation makes grants to projects that meet the standard of excellence in the humanities and significance in the humanities. National grants are for the following purposes, some of which appear in current law: to develop a national policy to further the public good through public funding of the humanities; to strengthen research and humanities teaching; to foster information exchange, education, public understanding, and appreciations of the humanities; to support projects that promote literacy; to ensure the benefit of programs otherwise unavailable for geographic or economic reasons; to increase the range of contributors, provide management improvement and long-range financial planning for cultural institutions and organizations; to increase audience participation; to develop new sources of long-term support including renovation or construction of facilities; to stimulate greater cooperation among cultural institutions; and to foster greater citizen involvement in planning the cultural development of a community. The Federal share requirement shall be 50 percent of all activities funded under the paragraph, except that long-term support will be 25 percent.

Section 302(e) of the bill provides a new separate authority for research and scholarship grants to encourage the development and dissemination of significant scholarship in the humanities by groups, individuals, and State agencies or entities. These grants include fellowships for college and university faculty, and independent scholars; dissertation grants, summer stipends, and funds for scholarly publications, reference materials, basic research, institutional programs, and preservation. The Chairperson with the National Council on the Humanities' recommendation provides grants for training and workshops, research, and publications in the humanities that have substantial scholarly and cultural significance, and reflect the cultural heritage of the United States. This section also includes grants for education and public understanding in the humanities; increasing the range of contributors, management improvement, and long-range planning for cultural organizations. Section 302(e) describes grants for training, workshops, and research. A fellowship may be used for study or research at an appropriate nonprofit institution. In the case where admission charges are made to the general public, the total amount of any grant shall not exceed 30 percent of the total cost of such activities. The Chairperson would give particular regard to scholars, and educational and cultural institutions that traditionally have been under-represented. In general, the Federal share of all activities funded under this paragraph would be 50 percent except in cases where construction and capital equipment may be purchased. In those instances, the Federal share would be 25 percent.

Section 303 in the bill provides application procedures with the Chairperson determining what information is necessary in the application.

Section 304 in the bill describes NEH review panels. The Chairperson may select panel members who have exhibited expertise and leadership in specified fields being reviewed, are broadly represent-

ative of diverse humanistic perspectives and geographic factors and who broadly represent cultural diversity.

Section 305 in the bill establishes the National Council on the Humanities, composed of the Chairperson of NEH, who chairs the Council, and changes from 26 (in current law) to 20 the number of other council members appointed by the President, by and with the advice and consent of the Senate. Members are selected from among private citizens who are recognized for their broad knowledge and expertise in, the humanities; have established records of distinguished service, or achieved eminence in the humanities; including scholars and others who are professionally engaged in the humanities; including scholars and others who are professionally engaged in the humanities. There must be an appropriate distribution of members among major humanities fields. The President may give consideration to recommendations by leading national organizations in the humanities field. There must be due regard to equitable representation of women, racially diverse individuals, and individuals with disabilities, who are involved in the humanities. Members serve 6-year terms, which are staggered, expiring the third day of September in the year of expiration, with some serving in case of a vacancy the remainder of an individual's term; or serving after expiration until a successor takes office. Due to the reduction in the size of the Council the terms of eight members that would otherwise expire on January 26, 1996, and one member whose term expires November 30, 1995 would expire on January 1, 1996, and three members will be appointed to serve until September 3, 2002. Compensation will be changed from GS-18 in current law to a daily rate not to exceed a GS-15. The Council will meet at least twice during the year, with 11 members constituting a quorum. Section 305 describes the Council's duties to advise the Chairperson with respect to policies, and to make recommendations with respect to approval of grant applications. The Chairperson would not approve or disapprove an application until receiving the Council's recommendations, unless the Council fails to make a recommendation. In case of an application involving \$35,000 or less, the Chairperson may approve or disapprove if such action is then reviewed by the Council, and if funds under such delegation do not exceed 3 percent of appropriations.

Section 306 of the bill outlines limitations on grants. It includes definitions of "production entity," "Group" and "National of the United States." The Chairperson establishes criteria for eligibility. Any group eligible must be nonprofit. A production entity that is a non profit group may be eligible with the advice of the National Council on the Humanities, and if the grant will significantly advance the knowledge and understanding of the humanities in the United States. An individual may be eligible if he/she is a citizen or national and if the Chair determines with the National Council on the Humanities that providing the grant will advance understanding of the humanities in the United States. No grant may be made to an activity if direct or indirect admissions are used for purposes other than assisting the grant recipient to develop high standards of scholarly excellence or encourage greater appreciation of the humanities by the citizen of the United States. The same Labor Standards apply as listed under title II.

Section 307 of the bill outlines administrative provisions that are similar to current law. The Chairperson must prescribe regulations for the Chairperson's functions. The Chairperson would solicit, accept, receive, invest and use money and other property bequeathed or devised, and would use, sell, or dispose of such property for carrying out activities of the endowment. The Chairperson appoints and pays employees, and may procure temporary and intermittent services of experts, utilize voluntary services; make payments, rent office space. For publications, the Chairperson would consult with the Joint Committee on Printing. The Chairperson would coordinate the programs of NEH with other Federal agencies and may enter into interagency agreements. Reference to the Federal Council on the Arts and the Humanities has been deleted.

Section 308 of the bill outlines NEH report requirements. The Chairperson must submit an annual report on or before April 15, summarizing the activities of NEH for the proceeding year. Each applicant is required to submit financial reports, assure that the conditions of the grant are met including that the work assisted meet the standards of excellence in humanities and significance in the humanities, and if practicable a copy of the work resulting from the activity. Reports are due not later than 90 days after the work is completed. The National Council on the Humanities may submit an annual report summarizing meetings and recommendations, while protecting the privacy of individual applicants for grants.

Section 309 of the bill delineates sanctions and payment provisions similar to current law and adds new language for "recapture" provisions. If any recipient, direct or indirect fails to satisfy the grant purposes or in case of grant from a State agency fails to comply with the State plan, then the Chair can deny any subsequent funding, after taking into consideration a post-award evaluation. Also, direct and indirect recipients would be prohibited from using the name of the endowment, and a publication would carry a disclaimer that the funding, conclusions, and recommendations expressed in the publication do not reflect the views of NEH. After determining noncompliance the Chairperson can take action after providing reasonable notice and a hearing and if still found in non-compliance, the Chair shall provide no further funding and if compliance is impossible, the recipient must repay or arrange for repayment.

Section 309 of the bill contains new language for "recapture" authority whereby a recipient shall pay one-third to one-half of the amount of revenue generated within 5 years after the end of the grant period but not more than the amount of funding—when that recipient has derived net program income for a NEH project that exceeds the lesser of \$50,000 or twice the amount of funding. The Chairperson may increase the amount of funding to be paid back above the amount of the grant if an agreement has been reached with the grantee upon award. The U.S. Treasurer shall deposit funds paid or repaid under the act in a special interest bearing account to the credit of the endowment.

Section 310 of the bill authorizes the same awards as in current law. The Jefferson Lecture in the Humanities Award is awarded annually by the chairperson of NEH to one individual for distinguished intellectual achievement in the humanities. Each award

shall not exceed \$10,000. The Charles Frankel prize will be awarded to five individuals for their outstanding contribution to public understanding of the humanities at \$5,000 each.

Section 102 of the bill provides conforming amendments to the Inspector General Act of 1978. It amends section 8G of The Inspector General Act to allow joint appointment of an Inspector General by the Chairpersons of NEH and NEA.

TITLE II—MUSEUM AND LIBRARY SERVICES ACT

Section 201 of the bill amends the Museum Services Act to read, “Title II—Museum and Library Services—Subtitle A—General Provisions.”

Section 201 cites the short title as the “Museum and Library Services Act.” This bill would replace the Library Services and Construction Act and Title II of the Higher Education Act, and would amend the Museum Services Act.

Section 202 of the bill provides definitions for “Commission,” “Director,” “Foundation,” “Institute,” and “Museum Board.”

Section 203 of the bill establishes a new “Institute of Museum and Library Services,” consisting of an Office of Museum Services, an Office of Library Services, and a National Museum Services Board in the Office of Museum Services.

Section 204 of the bill provides for the Director of the Institute of Museum and Library Services to be appointed by the President with the advice and consent of the Senate. The Director would serve a 4-year term, with every second individual appointed having special competence in library and information services. Alternately, the next individual would have special competence with regard to museum services. The compensation would be at level III of Executive Schedule rate. The Director’s duties would include awarding financial assistance and using not less than 5 percent or not more than 7 percent for joint projects between Library and Information Services and Museum Services. The Director must coordinate policies within the Institute with Federal agencies including NEA, NEH, National Science Foundation, Department of Education, Library of Congress, and Smithsonian.

Section 205 of the bill provides for a Deputy Director of the Office of Library Services with a graduate degree in library science and expertise in library and information services. There would be a Deputy Director for the Office of Museum Services with expertise in museum services. Both are to be compensated as ES–1 of the Senior Executive Service schedule.

Section 206 of the bill allows the Director of the Institute to appoint and compensate personnel and to accept and utilize voluntary services of individuals.

Section 207 of the bill authorizes the Institute to accept and invest money and property and the Director may enter such proceeds in a special interest bearing account to the credit of the Institute.

“SUBTITLE B—LIBRARY SERVICES AND TECHNOLOGY”

Section 211 of the bill cites the short title as the “Library Services and Technology Act.”

Section 212 of the bill states the purposes of the act are to stimulate excellence and promote equity and lifelong access to learning and information resources in all types of libraries; to stimulate improvement and innovation in library services through public-private sector partnerships; to establish national library service goals for the 21st century that will: provide access to information through international electronic networks; help contribute to a productive work force, develop reading and critical thinking for children and adults, provide targeted services to people of diverse geographic, cultural and socioeconomic backgrounds, to individuals with disabilities, and to people with limited functional literacy or information skills; to provide adequate hours of operation, facilities, staff, collections, and electronic access to information. This section also emphasizes Congress' recognition of the need for high quality library services that are essential to empower the people to succeed in a global technological environment.

Section 213 of the bill provides definitions for "Indian Tribe," "library consortia," "library entity" "State," "State advisory council," "State library administrative agency," "State plan," and "public library." A "public library" serves free of charge all residents of a community, district, or region and receives its financial support in whole or in part from public funds, and may also include a research library, though not an integral part of an institution of higher learning.

Section 214 of the bill provides the following authorization of appropriations: \$75 million for grants to States (subchapter A of chapter 2) for fiscal year 1996 and such sums as may be necessary for each of the 4 succeeding fiscal years; \$75 million for Special services (subchapter B of chapter 2) for fiscal year 1996 and such sums as may be necessary for each of 4 succeeding fiscal years. This section authorizes the Secretary of Education to transfer funds appropriated to the Director. It also authorizes that not less than 5 percent and not more than 7 percent of the funds appropriated be for joint projects between the Office of Museum Services and the Office of Library Services. It limits administrative funds to not more than 10 percent of appropriations.

Chapter 1—Basic program requirements

Section 221 of the bill reserves 1½ percent to award grants for library services to Indian Tribes, and 8 percent of funds for a national leadership program. The minimum allotment to each State is \$200,000 and \$40,000 for each outlying area. If appropriations are insufficient, then funds are ratably reduced. After minimum allotments are met, any sums remaining are allotted based on the ratio of State population to national population.

Section 222 of the bill provides that not more than 5 percent of funds may be used for State administration.

Section 223 of the bill provides that the Federal share of costs is 50 percent except for Puerto Rico, Guam, American Samoa, the Virgin Islands, Northern Mariana Islands where the Federal share will be 66 percent; and for the Marshall Islands, Micronesia, and Palau where the Federal share is 100 percent. Unless States have "maintained effort," the payment shall be reduced if the level of State expenditures for the previous fiscal year is less than the av-

verage total expenditures for the preceding 3 fiscal years. A waiver may be granted due to uncontrollable circumstances.

Section 224 of the bill sets up requirements for a State plan by the State Library Administrative Agency to be submitted not later than April 1, 1996 to the Director. The plan will cover 5 fiscal years, with revisions allowed. The plan must specify priorities for improvement of library services, providing access to information by all people through new technologies; must identify those in need of special series; specify accountability and evaluation procedures for public libraries; specify how funds are to be used for library services for children in poverty; provide that the State library administrative agency will involve libraries and users throughout the State in policy decisions, will make reports, keep records, and report annually on the progress in meeting the goals of the State plan. The State plan must also describe the process for need assessment within the State, including establishing goals for achieving special services, and information access through technology. Section 224 of the bill outlines accountability measures. Each State plan must define performance goals and express those goals in measurable form, and compare actual program results with established performance goals. Performance indicators include evidence of progress toward national library service goals, consultation with the State educational agency, identification of activities suitable for nationwide replication, and progress in improvement of library services for children in poverty. The Director approves a State plan if there are satisfactory assurances that the plan will be carried out. The State plan is to be made available to the public. If a State plan does not meet the requirements, the Director must notify the State library administrative agency, offer them a chance to revise the plan, provide technical assistance for the State to meet requirements, and provide opportunity for a hearing.

"Chapter 2—Library programs"

Subchapter A—Information access through technology

Section 231 of this bill provides grants to States for information access through technology. Its purpose is to improve library services to all people and give them access to information delivered by libraries through new technologies. The Director will award State allotments to States with approved State plans.

Section 232 of this bill outlines the uses of grants as follows: to provide statewide services and subgrants to public libraries and other types of library consortia, library linkages if they provide access and delivery of information, lifelong learning and workforce and economic development; or support of technology infrastructure.

Subchapter B—Information empowerment through special services

Section 241 of this bill authorizes grants to States for special services. The purpose of this subchapter is to improve library and information services for persons who have difficulty using a library, to communities which are geographically disadvantaged in terms of access to libraries; and to people who are in need of special materials or services, and who will benefit from outreach services, par-

ticularly for families below the poverty level. (The bill does not specifically mention the elderly, although current law specifically mentions them as a group to receive special library services.)

Section 242 of the bill provides that grant funds may be used to provide statewide services as well as subgrants to public libraries, library consortia or library linkages to increase literacy and lifelong learning and to serve persons in rural, underserved or inner-city areas.

Section 243 of the bill reserves a portion of funds for a new program not in current law, Services for Children in Poverty. It reserves from the amount received by each State library administrative agency \$1.50 for every preschooler (birth through age 5) in the State from a family living below the income official poverty line, and \$1 for every child aged 6–17 years in each State from a poverty family. With regards to within State distribution, each public library will receive an amount that bears the ratio of the number of children served by that library to the number served by all public libraries in the State. The maximum amount a state library administrative agency may reserve under this paragraph for any fiscal year shall not exceed 15 percent of the total amount such agency receives under this subchapter for such year. An exception may be made if the amount available for two or more library systems is too small to be effective, in which case aggregated amounts shall be used for library systems with \$3,000 or less available.

Section 243 of the bill provides an adjustment if the appropriations for this subtitle exceed the previous year by more than 10 percent, in which case the amount each State library administrative agency reserves would be increased by that percentage. A decrease would be administered the same way. Each public library submitting a plan must identify eligible children, collaborate with community representatives; and establish indicators of success. Priority projects may include after school homework support; family literacy programs; extension of branch hours to provide space and resources for homework; development of technological resources; hiring specialized outreach staff; development of coalitions and training programs involving libraries and other service providers and development of peer tutoring programs.

Chapter 3—Administrative provisions

Subchapter A—State requirements

Section 251 of the bill outlines requirements for State evaluations. Each State receiving a grant must annually evaluate activities assisted under subchapters A (access through technology) and B (special services) of Chapter 2. The evaluation should describe the effectiveness of subchapter A activities ensuring that every American will have affordable access to information resources through electronic networks; that every public library will be connected to national and international electronic networks; that every State library will promote planning and provide support for full library participation in electronic networks; that every public library will help people obtain information through electronic networks; and that every public library will be equipped with technology to help people obtain information in an effective manner. With regard

to subchapter B activities, the evaluations should describe the condition of literacy and lifelong learning in each State, how activities meet target groups to be served; how activities serve people in rural and urban areas, procedures used to identify library services, description of needs and target groups to be served; an analysis of levels of success for service to target groups; and, a description of the current level of library service to people in rural and urban areas. With respect to activities to support the provision of special services, the State evaluation should include a report on serving poverty children, and an analysis of the current local situation. Each public library receiving assistance would submit to the State library any required information.

Section 252 of the bill describes the authority of State advisory councils. Each State desiring assistance must establish a State advisory council, broadly representative of library entities in the State, public, school, academic, special and institutional libraries, and libraries serving individuals with disabilities. Its duties will be to consult with the State library administrative agency on policy matters involving the State plan, to assist in dissemination of information, evaluation of activities, and to establish bylaws to carry out the council's duties.

Subchapter B—Federal requirements

Section 261 of the bill provides services for Indian Tribes. (There is a set aside in current law for Indians.) This bill gives grants to organizations serving and representing Indian tribes to provide in-service or pre-service training of Indians as library personnel; to purchase library materials; to conduct special library programs for Indians; to pay salaries of library personnel; and transportation to enable Indians to have access to library services; dissemination of information about library services; assessment of tribal library needs; and contracts to provide public library services to Indians living on or near reservations. Funds must be administered by a librarian. The Director would prohibit funds from being received by more than one entity serving the same population. Each organization receiving a grant would continue to expend not less than the amount expended during the second fiscal year preceding the year for which the determination is made. Any organization may submit an application to the Director for approval.

Section 262 of the bill, similar to current law language in title II of the Higher Education Act, establishes a National Leadership Program to enhance the quality of library services nationwide. Funded activities may include: education and training of persons in library and information science, particularly in new technology; research and demonstration projects related to the improvement of libraries, education in library science, enhancement of library services through new technologies; and preservation or digitization of library materials. Grants and contracts are to be awarded on a competitive basis to library entities, agencies or institutions of higher education.

Section 263 of the bill states that these provisions do not interfere with State and local initiatives and responsibility to conduct library services. The administration of libraries is reserved to States and their local subdivisions.

“Subtitle C—Museum Services”

Section 271 of the bill outlines the purpose of museum services, (using similar language to that in current law) to encourage and assist museums in their educational role in conjunction with formal systems of elementary, secondary and postsecondary education and with programs of nonformal education for all age groups; to assist museums in modernizing their methods and facilities to better conserve cultural, historic, and scientific heritage; and, to ease the financial burden borne by museums as a result of their increasing use by the public.

Section 272 of the bill defines a “museum” as a public or private nonprofit agency or institution organized on a permanent basis for essentially educational or esthetic purposes, that utilizes a professional staff, owns, utilizes, cares for, and exhibits tangible objects to the public on a regular basis.

Section 273 of the bill stipulates that the Director, with policy direction from the Museum Board, makes grants for increasing and improving museum services. Activities would include: enabling museums to construct or install displays, interpretations, and exhibitions in order to improve museum services to the public; developing and maintaining professional staff; meeting administrative costs in preserving and maintaining collections; cooperating to develop traveling exhibitions; conserving collections; and, carrying out specialized programs for specific segments of the public. The Director would enter contracts and cooperative agreements to pay the Federal share of projects to strengthen museum services, limiting the aggregate amount not to exceed 15 percent of the amount appropriated, and prohibiting assistance being used to pay for operational expenses. The Federal share is 50 percent, with exceptions. No more than 20 percent of the funds available may be used to pay a Federal share of 100 percent. The Director would establish procedures for grant review and evaluation.

Section 274 of the bill outlines provisions for assessment. The Director, under policy direction by the Museum Board, would assess collaborative possibilities that museums can engage in to serve the public more effectively. The assessment will look at collaborative programs between museums within a community; with larger institutions serving as mentors to smaller institutions; collaborative programs between museums and community organizations; collaborative efforts in technology to reach a broader audience; investigation of opportunities for museums to use other community resources to serve the public better; and to coordinate professional and financial development. This section shall not apply in any fiscal year that the appropriation is less than \$28,700,000.

Section 275 of the bill provides for a new National Award for Museum Services to outstanding museums that have made significant contributions in services to their communities. The Director with advice of the Museum Board would provide this award annually.

Section 276 of the bill establishes the National Museum Services Board, (with similar language as in current law) consisting of the Director of the new Institute and 14 members appointed by the President, by and with the advice and consent of the Senate. Members would be selected from the general public who are affiliated with curatorial, conservation, education and cultural resources in

the United States; or are affiliated with various types of museums; or are recognized for their broad knowledge, expertise, or experience with museums or commitment to museums. There must be wide geographic representation, with no more than three members from a single State. The bill requires due regard to representation of women, minorities, and persons with disabilities who are involved with museums. The terms are designated as 5 years, except that 3 would serve 5 years, 3 would serve 4 years, 3 would serve 3 years, 2 would serve 2 years, 2 would serve 1 year, with no member serving more than 7 consecutive years through reappointment. A member shall serve until a successor takes office. The Museum Board is responsible for advising the Director on general policies with regard to financial assistance awarded for Museum Services, and to ensure that policies of the Institute for Museum and Library Services are coordinated with other Federal activities. The President would designate one of the appointive members as Chairperson of the Museum Board. The Board shall meet not less than three times each year, two times separately and once with the Commission. All decisions shall be by a two-thirds majority vote. A majority of members constitutes a quorum. In terms of compensation, Museum Board members would receive the daily equivalent of GS-15 (as compared to GS-18 in current law) with travel expenses including per diem.

Section 277 of the bill authorizes appropriations for Museum Services of \$28,700,000 for fiscal year 1996 and such sums as necessary for fiscal years 1997 through 2000. Not more than 10 percent of the funds may be used for administrative costs. For joint projects, not less than 5 or more than 7 percent of appropriations may be used.

Amendments to other Acts: Section 202 of the bill amends the National Commission on Libraries and Information Science Act to include responsibility of the Commission to advise the Director of the Institute of Museum and Library Services on general policies relating to library services, including financial assistance and coordination with other Federal activities. The Commission would meet at least once each year in a joint meeting with the Museum Board. All decisions would be made by a two-thirds majority vote of the total number of Commission and Museum Services Board members. A majority would constitute a quorum. The membership of the Commission shall include the Librarian of Congress, and the Director of the Institute who would serve as an ex officio members.

Section 203 of the bill transfers functions from the Institute of Museum Services to the Institute of Museum and Library Services. It includes definitions of "Federal agency," "Office," and "function." The Director of the Institute of Museum and Library Services may allocate or reallocate functions among the officers of the Institute and make such rules and regulations determined to be necessary. Appropriations as well as current personnel would be transferred. Current personnel would not be reduced in grade for one year after transfer. Executive Schedule positions would continue, provided the position has the same or comparable duties. Any legal documents would still be in effect. Rulemaking would not be affected. Section 203 of the bill requests that the Director of the Institute submit

recommended legislation for conforming amendments not later than 6 months after the effective date.

Section 204 of the bill refers to the individual serving as Director of the Institute of Museum Services as the Director of the Institute of Museum and Library Services.

Section 205 of the bill requires that the Director, in appointing employees, give consideration to individuals with experience in administering State-based and national library and information services programs.

Section 206 of the bill repeals the Library Services and Construction Act, title II of the Higher Education Act of 1965, and alters all references to the Library Services and Construction Act. It deletes references to the Institute of Museum Services in the Department of Education Organization Act and the Elementary and Secondary Education Act. It makes other conforming and technical amendments to reflect the change to the Institute of Museum and Library Services.

TITLE III—ARTS AND ARTIFACTS INDEMNITY ACT

Section 301 of the bill amends the Arts and Artifacts Indemnity Act to read as follows:

Section 1 cites the short title as the “Arts and Artifacts Indemnity Act.”

Section 2 of the bill authorizes the Chairperson of the NEA to enter into agreements to indemnify against loss or damage of eligible items on exhibit. It removes the authority of the Federal Council on the Arts and Humanities that previously had jurisdiction over this Act. It expands indemnity coverage to U.S. exhibits touring the United States. The previous authority and jurisdiction of the Federal Council on the Arts and the Humanities over the arts and artifacts indemnity agreements would be deleted.

Section 3 of the bill outlines the types of items covered by indemnity including: works of art, tapestries, painting, sculpture, folk arts, graphics and craft arts, manuscripts, rare documents, books printed or published materials; photography, motion pictures, audio and video tape; if these works have educational, cultural historical or scientific value, and the exhibition of which is certified (where appropriate) by the Secretary of State or designee as being in the national interest. An indemnity agreement would cover items on exhibition when the exhibition originates in the United States, and, generally when items are part of an exchange of exhibitions. Therefore, indemnity agreements would cover items in an exhibition that originates either in United States or outside the United States and is touring the United States.

It defines “on exhibition” as including the period of time beginning on the date eligible items leave the premises of the lender and ending on the date such items are returned.

Section 4 of the bill provides that any person, nonprofit agency, institution, or government desiring to enter into an indemnity agreement shall submit an application. Each item must be described and the estimated value established and verified. There must be evidence that the item described is the actual item. Policies must be set forth for preparation and exhibition of the item in-

cluding transportation. The Chairperson of NEA would receive the application and enter into an indemnity agreement.

Section 5 of the bill provides that the Chairperson review the estimated value of the items for coverage by an indemnity agreement. The aggregate amount of loss or damage is limited, as in current law, to \$3 billion, and the individual amount for a single exhibition covering loss or damage is \$300 million. The extent of coverage is delineated as follows: for \$2 million or less coverage shall extend only to loss or damage in excess of the first \$15,000; more than \$2 million but less than \$10 million, coverage shall extend to loss in excess of the first \$25,000, not less than \$10 million but less than \$125 million, coverage shall extend to loss in excess of the first \$50,000; not less than \$125 million but less than \$200 million, coverage shall extend to loss in excess of the first \$100,000, and not less than \$200 million, coverage shall extend to loss in excess the first \$200,000.

Section 6 of the bill requires that the Chairperson prescribe regulations for claims adjustment, and in the case of a claim, the Chairperson must certify validity of the claim to the Speaker of the House and President pro tempore of the Senate.

Section 7 of the bill requires that the Chairperson submit a report to the appropriate committees of Congress containing information on all claims paid, pending claims and the aggregate face value of contracts outstanding at the end of the year.

Section 8 of the bill authorizes appropriations as "such sums as may be necessary" to carry out the Arts and Artifacts Indemnity Act.

IX. MINORITY VIEWS OF MR. ABRAHAM AND MR. COATS

We believe that the NEA and NEH are agencies in trouble. They are in trouble for several reasons. First, many people question the need to spend the taxpayers' money on such nonvital programs in this era of budget austerity. When funding for many social programs is being significantly reduced, it is difficult to rationalize full funding for the NEA and NEH.

In addition, the activities of the NEA and NEH run against the sensitivities of many American taxpayers who are opposed to seeing their dollars fund projects that they find objectionable. It is this latter concern that has come into focus in recent weeks. Meanwhile, amid all the hysterical accounts on both sides of the debate over the Endowments, it seems to have been lost that these agencies actually contribute surprising little to the arts or the humanities in this country.

For that reason, we proposed that the committee accept Senator Abraham's alternative reauthorization bill, co-sponsored by Senator Coats and DeWine, which would allow for privatization of the Endowments over a 5-year period. The committee rejected that proposal, although it did win six votes.

We continue to believe that the gradual, genuine privatization of the Endowments is the only real solution to replacing the 4 percent or so of funding currently provided by the NEA and the NEA to the arts and humanities in this country without implicating taxpayer in the projects so funded. Set forth below are the arguments for the Abraham Privatization bill—why we believe it is necessary, how the bill would accomplish privatization of the Endowments, and why we believe it would work.

I. WHY IT IS NECESSARY

Shortly before the first scheduled Labor Committee mark-up of the NEA and NEH, there were several critical news accounts of the summer schedule at "Highways," an NEA-funded performance art center in California. The theater's brochure listed acts intended "to push the right wing into spiritual contortions." Performances included "Dyke Night," described as "our series of hot nights with hot dykes," and "Boys 'R' Us," similarly billed as "our continuing series of hot summer nights with hog fags." Another number, titled "Not For Republicans," included a comedienne's discourse on "sex with Newt Gingrich's mother."

The NEA's response to public criticism of this NEA grant? "[Highways] is consistent with the Endowment's congressionally mandated mission of fostering 'mutual respect for the diverse beliefs and values of all persons and groups,'" wrote the current NEA Chairperson, Jane Alexander, in a letter to various Senators dated June 26, 1995. Alexander went on to describe her alarm, not at Highways' "Ecco Lesbo-Ecco Homo" summer program, but at criti-

cisms leveled at these NEA-funded performances: "I am concerned that once again the Endowment is being criticized for supporting an institution that serves its community well—this time, one that supports the work of homosexual and minority artists. * * *" She dismissed criticisms of the "sex with Newt Gingrich's mother" routine as being politically motivated: "I am also concerned that we are being criticized for Highways having presented comedienne Marga Gomez because her stand-up routine pokes fun at the current Congressional leadership."

While much of the public objects to taxpayer-supported performances like these, that is not the only quarter from which opposition to Federal funding of the NEA has come. The Progressive Policy Institute, for example, (an offshoot of the Democratic Leadership Council) stated in its 1993 "Mandate for Change" that there should be "no federal role" in the arts. In a Lou Harris poll taken in January 1995, the NEA was at the top of the list of Federal programs Americans would like abolished—ahead of the Department of Housing and Urban Development, Public Broadcasting Service, and the Energy Department. (43 percent of respondents wanted the Endowment eliminated.)

Long before the "Ecco Lesbo-Ecco Homo" summer program at Highways, there was Mapplethorpe and "Piss Christ" and the performance art of Karen Finley and Ron Athey, to name just a few of the more notorious NEA-funded projects. Provocations like these may be a small percentage overall, but each such sensational affronts adds to the growing list of people irrevocably opposed to the Endowment. Citizens who are offended by having their tax revenues supporting the likes of Mapplethorpe do not forget that offense just because the Endowment manages to avoid funding another offensive project for a short while. And Chairman Alexander's reaction to this latest public outcry demonstrates pretty clearly that the NEA is out of touch with the public's concerns.

The NEH is no less out of touch with the public whose tax dollars it consumes. Though less outrageous—and less suitable for sound-bites—the NEH's projects may well have a longer lasting impact than the NEA's, because they infect American education rather than only its art museums and theaters. The national history standards released last January by a group at UCLA were the product of an NEH grant. Though intended to improve the education of all U.S. students, so objectionable were the standards that, before the ink was dry, 99 Senators voted in favor of a Sense of the Senate resolution denouncing the standards.

Perhaps there are still enough votes in the Congress to save the NEA and the NEH in their present form for a few more years. But that will not end the disquietude and rancor surrounding the agencies. And that will do nothing to prevent any new NEA or NEH-funded affronts, each one adding to the growing list of citizens opposed to the Endowments. Sooner or later the Endowments are going to fund one more project so offensive that the public will rise up and demand their elimination. And then, there will be no time to assemble an alternative mechanism to fund the arts and humanities on a national level. Many of our States have arts and humanities institutions that are not going to be able to survive a withdrawal of federal funds cold turkey.

We shirk our obligation to the arts and humanities as well as our obligation to the people if we refuse to acknowledge that these are Federal programs teetering toward abolition. Now is the time to reconfigure the agencies in a way that is built to last. The following proposal does just that. The proposed bill combines a gradual phaseout of direct Federal funding with inducements to privatization, such as earmarking a portion of the funds for private fundraising and proposing additional tax incentives for charitable gifts to the arts and humanities.

One thing that the history of the endowments proves is that no matter who runs the organizations, maddening Government grants to the arts will continue to be made. Virtually since the Endowment's first grant in 1965, the organization has inspired opposition. In 1967, congressional hearings were held in response to public outcry over NEA-funded projects. More recently, controversies in the late eighties begot not quietude, but the Ron Athey performance¹ in 1994—long after "Piss Christ." Endowment supporters are whistling past the Endowments' graveyards if they operate on the assumption that the affronts can be entirely eliminated with a series of statutory restrictions. There will be more controversies. Those interested in the NEA have considered a variety of modifications to the Endowment's granting authority intended to circumvent the problems. Across the board and without question, these are doomed to failure.

Eliminating individual grants, for example, will not stem offensive projects. A number of the more notorious Endowment-supported projects have, in fact, been made possible by Endowment grants to museums and other institutions, rather than directly to the offending artists themselves. These include NEA grants to the Walker Art Center in Minneapolis and to P.S. 122, a theater in New York City, both of which used NEA grant money to fund Ron Athey's performance. In addition, the Whitney Museum of Art in New York used a portion of its \$200,000 NEA grant to sponsor "Abject Art: Repulsion and Desire in Art," which exhibited excrement, dead animals, and similar objects to make the artistic statement of: degrading the purity of an art museum. These exhibits and others will not be affected by a ban on individual grants.

Block granting endowment money to the States also fails to prevent the use of Federal dollars on dubious or potentially objectionable art. Indeed, many of the institutions which have taken part in controversial projects are also recipients of moneys allocated by State arts councils. Thus, for example, both the Walker and Whitney Museums have been the beneficiaries of State and municipal arts funding, the latter receiving \$134,952 from the New York State government and \$5,000 from the city government in 1994. Since New York will undoubtedly continue to receive a disproportionate amount of Endowment money, taxpayers in Tennessee, Ohio, and Illinois will essentially be subsidizing art in New York. There is no reason to think New York State arts panels will sud-

¹ Athey's performance consisted of slicing the back of another man with razors, blotting the blood, and sending the bloodied towels over audience members' heads. This caused some consternation among the audience members, many of whom fled the room. Athey and, it was assumed, his artistic companion, are HIV-positive.

denly begin to use Endowment money only to fund that which will play in Peoria.

An across-the-board reduction in the NEA and NEH's budgets doesn't make sense. Some have suggested punishing the NEA and NEH for their irresponsible funding projects by cutting the endowments' budgets by some arbitrary percentage. But the NEA and NEH are either beneficial in their current structures or they aren't. The better solution is to attempt to preserve both a national arts foundation and a national humanities foundation at appropriate funding levels, but without requiring the taxpayers' involuntary contributions.

Direct Federal funding of the arts forces the Federal Government into the thankless role of playing either censor on one hand or obscenity-promoter on the other. Since the actual monetary value of NEA funding is virtually negligible compared to private giving to the arts, the principal argument for Endowment grants is their tremendous influence. This, however, is a risky role. On one side we have constituents who are upset that its tax dollars are subsidizing work that they find aggressively offensive. And it bears repeating that since 1967—2 years after the NEA's creation—its grants have been inciting controversy.

On the other side we have artists who believe the Government is engaging in censorship. One recipient of NEA grants, Leonard Koscianski, has written that the NEA "excludes whole categories of art * * * from serious consideration," citing watercolors as one of the categories that has received very few NEA grants. Moreover, the NEA was recently forced to settle a case for \$252,000 brought by four performance artists—Karen Finley, John Fleck, Holly Hughes, and Tim Miller—who claimed they had been denied Endowment grants on political grounds. Many other artists will not even apply for an NEA grant because of the paperwork involved. Reed Zitting, an instructor of theater arts and design at the Interlochen School in Michigan, has observed that the bureaucratic necessities of governments are antithetical to the creative processes of art.

The more the Congress tries to respond to taxpayer complaints about their money funding obscene art—by imposing a variety of restrictions on endowment grants—the more artists will have legitimate grounds to complain about Federal Government censorship. Rules such as requiring theaters to submit a complete and immutable schedule of the entire season's events are unworkable, excessive and intrusive. Another proposal has been to jettison seasonal grants altogether. While that measure would provide the Federal Government with a needed measure of control over Government grant money, it would also deprive an important segment of the arts community of any grant money whatsoever.

It is simply impossible for the Federal Government to design an organization to fund the arts staffed with Federal bureaucrats that does not in some sense engage in censorship through its regulation. It doesn't help that the NEA has a tin ear with respect to the public's concerns with projects such as Highways' "Ecco Lesbo-Ecco Homo" summer program. Furthermore, the much vaunted power of an NEA grant places the Federal Government in a highly questionable role: Why should the Federal Government be the arbiter of

what is and is not art and which artists will be famously successful and which will wait tables?

The Federal Government's direct funding of the NEA and NEH also subjects it to claims of discrimination by certain States and areas of the country. Some States' citizens are clearly short-changed by the Federal Government's current distribution of NEA and NEH grant money. In 1994, for example, New York City alone received about 15 percent of the NEA's total budget, about 10–20 times the amount the NEA gave certain States. Further, many believe that rural areas are short-changed by the Endowments. Privately funded Endowments remove the Government as the decisionmaker—and the Federal taxpayers as the funding source—from a selection process that inevitably strikes some as unfair.

II. HOW THE ABRAHAM PRIVATIZATION BILL WOULD WORK

Private Endowments awarding grantees money from private donors will preserve the good things about the Endowment such as the imprimatur of a national organization and the financial support for the arts and humanities. Meanwhile, though, the Government will be out of the business of using taxpayer money either to support obscenity or to censor artists.

The Abraham bill would reduce the budgets of the Endowments gradually over a 5-year period and also would allow the Endowments to use a portion of their budgets for the express purpose of promoting private fundraising activities during the phase-out period.

At the end of 5 years, the Endowments' charter with the Federal Government would end. The "Endowments"—or as we suggest, "the American Arts and Humanities Endowment"—would then be free of Government bureaucrats either as censors or as tax collectors for the arts. The newly free arts and humanities organizations could reconfigure themselves as a single tax deductible organization, as two separate organizations, or in any manner their private boards of directors deem desirable.

The Abraham bill would provide for a gradual and progressive decrease in the NEA and NEH's Federal budgets, using the 1995 fiscal year appropriations as the base line. The Endowments' budgets would be reduced by 20 percent each year over a 5-year period. This approach permits a gradual, orderly transition from Government-sponsored organs to private entities.

In addition to these absolute decreases, the Privatization bill provides for a specific set-aside for fundraising. We authorize the Endowments to use an amount of their appropriations equal to 10 percent of the cut amount for fundraising purposes alone. This amounts to 2 percent of each Endowment's 1995 appropriation the first year, 4 percent the second year, and so on. Thus, for example, in the first year the NEH will be permitted over \$3.5 million (2 percent of \$175 million) Federal dollars for the sole purpose of encouraging private fundraising on behalf of the humanities endowment.

Finally, the Abraham privatization bill includes a Sense of the Senate resolution tax incentives for donations to the arts and humanities. We propose a return to tax deductions for nonitemizers, elimination of the cap on deductions for charitable contributions,

and other tax benefits for charitable donations. Since amending the tax code to encourage charitable giving is not within the purview of the labor committee, the Sense of the Senate resolution appended to the Endowment Privatization bill would simply make the point that the committee favors creating additional tax incentives for charitable giving to the arts and humanities (and all 501(c)(3)s), in lieu of direct Government funding of the NEA and NEH.

III. THE ABRAHAM PRIVATIZATION BILL CAN WORK

Although raising money is always hard, the NEA and NEH budgets are a very small part of the Nation's total arts and humanities budget. Some have expressed doubt that private donations can take up the slack in Government funding. It bears mentioning at the outset then, that the NEA and NEH do not, in fact, constitute a significant proportion of funding for the arts and humanities in this country. It is difficult to isolate "the humanities" for calculating private donations because it encompasses such a wide range of prospective philanthropies—museums, colleges and universities, music academies, writing workshops, to name a few. Private donations to the arts, however, are easily quantifiable.

In 1993, private giving to the arts totalled \$9.57 billion. Meanwhile, the NEA's total budget for 1995 is \$167.4 million. Thus, private giving to the arts in this country dwarfs the NEA's contribution 50 times over. Not only does the NEA's total annual funding of the arts amount to less than 1.7 percent of private donations to the arts, but it is also less than the States' contributions to the arts. In 1994, State legislatures gave \$265 million to the arts. Perhaps the more striking comparison is to the annual operating budget of the Lincoln Center for the Performing Arts in New York City. Its budget for 1995 is almost twice that of the NEA's: \$316 million. Moreover, looked at from the perspective of the recipient arts organization, the NEA's contributions are still relatively insignificant. Thus, the Federal Government provides only 2.6 percent of the income for all the country's nonprofit theaters.

Leaving the taxpayer out of the equation does not reduce a National Endowment's prestige. Since the actual monetary value of arts and humanities funding provided by the NEA and NEH is very small compared to private giving to the arts, the principal argument for NEA and NEH grants is their glamour—the imprimatur or excellence an Endowment grant provides. According to NEA Chairman Jane Alexander, "[T]he prestige of getting a grant from the Endowment is often critical in leveraging legislatures to provide additional funding." The prestige associated with a grant from a national arts organization will not be lost under a privately funded Endowment. Indeed, the glamour of an NEA grant will most likely expand because of the private interests involved: Corporate sponsors will want to publicize the results of their philanthropy—as will the privately funded Endowment itself, in order to attract more private dollars.

IV. CONCLUSION

Through a 5-year privatization of the NEA and NEH, the Abraham bill permits the growth of private giving to the arts (with Government-supported fundraising during the transition). The Abra-

ham approach also proposes tax incentives for charitable donations to create broad-based opportunity for private giving; reinstatement of tax deductions for nonitemizers may very well engender increased funding of the arts.

More importantly though, we believe privatization has the distinct advantage of allowing the citizenry to direct those funds more efficiently and without controversy. Simply decreasing Federal funding of the Endowments or providing for increased block grants to the States fails to resolve the fundamental problem associated with today's NEA and NEH. By contrast, privatization removes the Government from the unwinnable task of balancing censorship and obscenity, once and for all.

Federal bureaucracies on every level are being scaled back or eliminated entirely. Government programs, particularly non essential ones like the NEA and NEH, that can be replaced with privately run entities, must be. The manifest support from an array of celebrities and arts patrons for the arts and humanities makes clear that a reconstituted NEA and NEH will thrive. In short, a privately funded "American Endowment for the Arts" and an "American Endowment for the Humanities" can provide as much support for artists and writers without the attendant, ongoing disputes faced by a government-managed entity.

The people we have heard from in support of the NEA and NEH—art enthusiasts, philanthropists, actors, and singers—will want to contribute to private arts and humanities foundations. Assuming their belief in a national organization supporting the arts and humanities is as ardent as they claim when they lobby Congress, there will be a wellspring of support for private endowments.

SPENCER ABRAHAM.
DAN COATS.

X. CHANGES IN EXISTING LAW

In compliance with rule XXVI, paragraph 12, of the Standing Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ARTS, HUMANITIES, AND MUSEUMS AMENDMENTS OF 1995

TITLE 20, UNITED STATES CODE

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES ACT OF 1965

[SEC. 951. DECLARATION OF FINDINGS AND PURPOSES.—The Congress finds and declares the following:

[(1) The arts and the humanities belong to all the people of the United States.

[(2) The encouragement and support of national progress and scholarship in the humanities and the arts, while primarily a matter for private and local initiative, are also appropriate matters of concern to the Federal Government.

[(3) An advanced civilization must not limit its efforts to science and technology alone, but must give full value and support to the other great branches of scholarly and cultural activity in order to achieve a better understanding of the past, a better analysis of the present, and a better view of the future.

[(4) Democracy demands wisdom and vision in its citizens. It must therefore foster and support a form of education, and access to the arts and the humanities, designed to make people of all backgrounds and wherever located masters of their technology and not its unthinking servants.

[(5) It is necessary and appropriate for the Federal Government to complement, assist, and add to the programs for the advancement of the humanities and the arts by local, State, regional, and private agencies and their organizations. In doing so, the Government must be sensitive to the nature of public sponsorship. Public funding of the arts and humanities is subject to the conditions that traditionally govern the use of public money. Such funding should contribute to public support and confidence in the use of taxpayer funds. Public funds provided by the Federal Government must ultimately serve public purposes the Congress defines.

[(6) The arts and the humanities reflect the high place accorded by the American people to the nation's rich cultural her-

itage and to the fostering of mutual respect for the diverse beliefs and values of all persons and groups.

[(7) The practice of art and the study of the humanities require constant dedication and devotion. While no government can call a great artist or scholar into existence, it is necessary and appropriate for the Federal Government to help create and sustain not only a climate encouraging freedom of thought, imagination, and inquiry but also the material conditions facilitating the release of this creative talent.

[(8) The world leadership which has come to the United States cannot rest solely upon superior power, wealth, and technology, but must be solidly founded upon worldwide respect and admiration for the Nation's high qualities as a leader in the realm of ideas and of the spirit.

[(9) Americans should receive in school, background and preparation in the arts and humanities to enable them to recognize and appreciate the aesthetic dimensions of our lives, the diversity of excellence that comprises our cultural heritage, and artistic and scholarly expression.

[(10) It is vital to a democracy to honor and preserve its multicultural artistic heritage as well as support new ideas, and therefore it is essential to provide financial assistance to its artists and the organizations that support their work.

[(11) To fulfill its educational mission, achieve an orderly continuation of free society, and provide models of excellence to the American people, the Federal Government must transmit the achievement and values of civilization from the past via the present to the future, and make widely available the greatest achievements of art.

[(12) In order to implement these findings and purposes, it is desirable to establish a National Foundation on the Arts and the Humanities.

[SEC. 952. DEFINITIONS.—As used in this Act—

[(a) The term “humanities” includes, but is not limited to, the study and interpretation of the following: language, both modern and classical; linguistics; literature; history; jurisprudence; philosophy; archaeology; comparative religion; ethics; the history, criticism, and theory of the arts; those aspects of the social sciences which have humanistic content and employ humanistic methods; and the study and application of the humanities to the human environment with particular attention to reflecting our diverse heritage, traditions, and history and to the relevance of the humanities to the current conditions of national life.

[(b) The term “the arts” includes, but is not limited to, music (instrumental and vocal), dance, drama, folk art, creative writing, architecture and allied fields, painting, sculpture, photography, graphic and craft arts, industrial design, costume and fashion design, motion pictures, television, radio, film, video, tape and sound recording, the arts related to the presentation, performance, execution, and exhibition of such major art forms, all those traditional arts practiced by the diverse peoples of this country and the study and application of the arts to the human environment.

[(c) The term “production” means plays (with or without music), ballet, dance and choral performances, concerts, recitals, operas,

exhibitions, readings, motion pictures, television, radio, film, video, and tape and sound recordings, and any other activities involving the execution or rendition of the arts and meeting such standards as may be approved by the National Endowment for the Arts established by section 5 of this Act.

[(d) The term “project” means programs organized to carry out the purposes of this Act, including programs to foster American artistic creativity, to commission works of art, to create opportunities for individuals to develop artistic talents when carried on as a part of a program otherwise included in this definition, and to develop and enhance the widest public knowledge and understanding of the arts, and includes, where appropriate, rental or purchase of facilities, purchase or rental of land, and acquisition of equipment. Such term also includes—

[(1) the renovation of facilities if—

[(A) the amount of the expenditure of Federal funds for such purpose in the case of any project does not exceed \$250,000, or—

[(B) two-thirds of the members of the National Council on the Arts or the National Council on Humanities, as the case may be (who are present and voting), approve of the grant or contract involving an expenditure for such purpose; and

[(2) for purposes of sections 5(p), 7(c), (10) and 8(h) the construction of facilities if—

[(A) such construction is for demonstration purposes or under unusual circumstances where there is no other manner in which to accomplish an artistic or humanistic purpose, and—

[(B) two-thirds of the members of the National Council on the Arts and the National Council on the Humanities, as the case may be, (who are present and voting) approve of the grant or contract involving an expenditure for such purpose.

[(e) The term “group” includes any State or other public agency, and any nonprofit society, institution, organization, association, museum, or establishment in the United States, whether or not incorporated.

[(f) The term “workshop” means an activity the primary purpose of which is to encourage the artistic development or enjoyment of amateur, student, or other nonprofessional participants, or to promote scholarship and teaching among the participants.

[(g) The term “State” includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Northern Mariana Islands, and the Virgin Islands.

[(h) The term “local arts agency” means a community organization, or an agency of local government, that primarily provides financial support, services, or other programs for a variety of artists and arts organizations, for the benefit of the community as a whole.

[(i) The term “developing arts organization” means a local arts organization of high artistic promise which—

[(1) serves as an important source of local arts programming in a community; and

[(2) has the potential to develop artistically and institutionally to broaden public access to the arts in rural and innercity areas and other areas that are underserved artistically.

[(j) The term “determined to be obscene” means determined, in a final judgment of a court of record and of competent jurisdiction in the United States, to be obscene.

[(k) The term “final judgment” means a judgment that is either—

[(1) not reviewed by any other court that has authority to review such judgment; or

[(2) is not reviewable by any other court.

[(l) The term “obscene” means with respect to a project, production, workshop, or program that—

[(1) the average person, applying contemporary community standards, would find that such project, production, workshop, or program, when taken as a whole, appeals to the prurient interest;

[(2) such project, production, workshop, or program depicts or describes sexual conduct in a patently offensive way; and

[(3) such project, production, workshop, or program, when taken as a whole, lacks serious literary, artistic, political, or scientific value.

[SEC. 953. NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES.—

[(a) ESTABLISHMENT; COMPOSITION.—There is established a National Foundation on the Arts and the Humanities (hereinafter referred to as the “Foundation”), which shall be composed of a National Endowment for the Arts, a National Endowment for the Humanities, a Federal Council on the Arts and the Humanities, and an Institute of Museum Services.

[(b) PURPOSE.—The purpose of the Foundation shall be to develop and promote a broadly conceived national policy of support for the humanities and the arts in the United States, and for institutions which preserve the cultural heritage of the United States pursuant to this Act.

[(c) PROHIBITION AGAINST FEDERAL SUPERVISION OVER POLICY DETERMINATION, PERSONNEL, OR CURRICULUM, OR ADMINISTRATION OR OPERATION OF ANY SCHOOL OR OTHER NON-FEDERAL BODY.—In the administration of this Act no department, agency, officer, or employee of the United States shall exercise any direction, supervision, or control over the policy determination, personnel, or curriculum, or the administration or operation of any school or other non-Federal agency, institution, organization, or association.

[SEC. 954. NATIONAL ENDOWMENT FOR THE ARTS.—

[(a) ESTABLISHMENT.—There is established within the Foundation a National Endowment for the Arts.

[(b) CHAIRPERSON OF THE ENDOWMENT; TERM OF OFFICE; VACANCIES.—(1) The Endowment shall be headed by a chairperson, to be known as the Chairperson of the National Endowment for the Arts, who shall be appointed by the President, by and with the advice and consent of the Senate.

[(2) The term of office of the Chairperson shall be four years and the Chairperson shall be eligible for reappointment. The provisions of this subsection shall apply to any person appointed to fill a vacancy in the office of the Chairperson. Upon expiration of his term of office the Chairperson shall serve until the Chairperson's successor shall have been appointed and shall have qualified.

[(c) PROGRAM OF CONTRACTS, GRANTS-IN-AID, OR LOANS TO GROUPS AND INDIVIDUALS FOR PROJECTS AND PRODUCTIONS; TRADITIONALLY UNDERREPRESENTED RECIPIENTS OF FINANCIAL ASSISTANCE.—The Chairperson, with the advice of the National Council on the Arts, is authorized to establish and carry out a program of contracts with, or grants-in-aid or loans to, groups or, in appropriate cases, individuals of exceptional talent engaged in or concerned with the arts, for the purpose of enabling them to provide or support—

[(1) projects and productions which have substantial national or international artistic and cultural significance, giving emphasis to American creativity and cultural diversity and to the maintenance and encouragement of professional excellence;

[(2) projects productions, meeting professional standards or standards of authenticity or tradition, irrespective of origin, which are of significant merit and which, without such assistance, would otherwise be unavailable to our citizens for geographic or economic reasons;

[(3) projects productions that will encourage and assist artists and enable them to achieve wider distribution of their works, to work in residence at an educational or cultural institution, or standards of professional excellence;

[(4) projects and productions which have substantial artistic and cultural significance and that reach, or reflect the culture of, a minority, inner city, rural, or tribal community;

[(5) projects and productions that will encourage public knowledge, education, understanding, and appreciation of the arts;

[(6) workshops that will encourage and develop the appreciation and enjoyment of the arts by our citizens;

[(7) programs for the arts at the local level;

[(8) projects that enhance managerial and organizational skills and capabilities;

[(9) projects, productions, and workshops of the kinds described in paragraphs (1) through (8) through film, radio, video, and similar media, for the purpose of broadening public access to the arts; and", and

[(10) other relevant projects, including surveys, research, planning, and publications relating to the purposes of this subsection.

In the case of publications under clause (8) of this subsection such publications may be supported without regard for the provisions of section 501 of title 44, United States Code, only if the chairperson consults with the Joint Committee on Printing of the Congress and the Chairperson submits to the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives a report justifying any exemption from such section 501. Any loans made by the Chairperson

under this subsection shall be made in accordance with terms and conditions approved by the Secretary of the Treasury. In selecting individuals and groups of exceptional talent as recipients of financial assistance to be provided under this subsection, the Chairperson shall give particular regard to artists and artistic groups that have traditionally been underrepresented.

[(d) APPLICATION FOR PAYMENT; REGULATIONS AND PROCEDURES.—No payment shall be made under this section except upon application therefore which is submitted to the National Endowment for the Arts in accordance with regulations issued and procedures established by the Chairperson. In establishing such regulations and procedures, the Chairperson shall ensure that—

[(1) artistic excellence and artistic merit are the criteria by which applications are judged, taking into consideration general standards of decency and respect for the diverse beliefs and values of the American public; and

[(2) applications are consistent with the purpose of this section. such regulations and procedures shall clearly indicate that obscenity is without artistic merit, is not protected speech, and shall not be funded. Projects, productions, workshops, and programs that are determined to be obscene are prohibited from receiving financial assistance under this Act from the National Endowment for the Arts. The disapproval or approval of an application by the Chairperson shall not be construed to mean, and shall not be considered as evidence that, the project, production, workshop, or program for which the applicant requested financial assistance is or is not obscene.

[(e) LIMITATION ON AMOUNT OF GRANT TO GROUP; GRANTS AND CONTRACTS OF THE NATIONAL ENDOWMENT FOR THE ARTS.—The total amount of any grant to any group pursuant to subsection (c) of this section shall not exceed 50 per centum of the total cost of such project or production, except that not more than 20 per centum of the funds allotted by the National Endowment for the Arts for the purposes of subsection (c) for any fiscal year may be available for grants and contracts in that fiscal year without regard to such limitation.

[(f) ELIGIBILITY FOR FINANCIAL ASSISTANCE.—Any group shall be eligible for financial assistance pursuant to this section only if—

[(1) no part of its net earnings inures to the benefit of any private stockholder or stockholders, or individual or individuals, and

[(2) donations to such group are allowable as a charitable contribution under the standards of subsection (c) of section 170 of the Internal Revenue Code of 1986.

[(g) GRANTS TO STATES FOR PROJECTS AND PRODUCTIONS; APPLICATIONS; TERMS AND CONDITIONS OF STATE PLANS; MINIMUM ALLOTMENTS; EXCESS APPROPRIATIONS; COST LIMITATIONS; GRANTS TO REGIONAL GROUPS; NON-FEDERAL FUNDING; DEFINITIONS.—

[(1) The Chairperson, with the advice of the National Council on the Arts, is authorized to establish and carry out a program of grants-in-aid to assist the several States in supporting existing projects and productions which meet the standards enumerated in section 5(c) of this Act (subsec. (c) of this section), and in developing projects and productions in the arts in

such a manner as will furnish adequate programs, facilities, and services in the arts to all the people and communities in each of the several States.

[(2) In order to receive assistance under this subsection in any fiscal year, a State shall submit an application for such grants at such time as shall be specified by the Chairperson and accompany such application with a plan which the Chairperson finds—

[(A) designates or provides for the establishment of a State agency (hereinafter in this section referred to as the “State agency”) as the sole agency for the administration of the State plan;

[(B) provides that funds paid to the State under this subsection will be expended solely on projects and productions approved by the State agency which carry out one or more of the objectives of subsection (c);

[(C) provides that the State agency will make such reports, in such form and containing such information, as the Chairperson may from time to time require, including a description of the progress made toward achieving the goals of the State plan;

[(D) provides—

[(i) assurances that the State agency has held, after reasonable notice, public meetings in the State to allow all groups of artists, interested organizations, and the public to present views and make recommendations regarding the State plan; and

[(ii) a summary of such recommendations and the State agency’s response to such recommendations; and

[(E) contains—

[(i) a description of the level of participation during the most recent preceding year for which information is available by artists, artists’ organizations, and arts organizations in projects and productions for which financial assistance is provided under this subsection;

[(ii) for the most recent preceding year for which information is available, a description of the extent projects and productions receiving financial assistance from the State arts agency are available to all people and communities in the State; and

[(iii) a description of projects and productions receiving financial assistance under this subsection that exist or are being developed to secure wider participation of artists, artists’ organizations, and arts organizations identified under clause (i) of this subparagraph or that address the availability of the arts to all people or communities identified under clause (ii) of this subparagraph. No application may be approved unless the accompanying plan satisfies the requirements specified in this subsection.

[(3) Of the sums available to carry out this subsection for any fiscal year, each State which has a plan approved by the Chairperson shall be allotted at least \$200,000. If the sums appropriated are insufficient to make the allotments under the

preceding sentence in full, such sums shall be allotted among such States in equal amounts. In any case where the sums available to carry out this subsection for any fiscal year are in excess of the amount required to make the allotments under the first sentence of this paragraph—

[(A) the amount of such excess which is no greater than 25 per centum of the sums available to carry out this subsection for any fiscal year shall be available only to the Chairperson for making grants under this subsection to States and regional groups, and

[(B) the amount of such excess, if any, which remains after reserving in full for the Chairperson the amount required under clause (A) shall be allotted among the States which have plans approved by the Chairperson in equal amounts

but in no event shall any State be allotted less than \$200,000.

[(4)(A) The amount of each allotment to a State for any fiscal year under this subsection shall be available to each State, which has a plan approved by the Chairperson in effect on the first day of such fiscal year, to pay not more than 50 per centum of the total cost of any project or production described in paragraph (1). The amount of any allotment made under paragraph (3) for any fiscal year which exceeds \$125,000 shall be available, at the discretion of the Chairperson, to pay up to 100 per centum of such cost of projects and productions if such projects and productions would otherwise be unavailable to the residents of that State: *Provided*, That the total amount of any such allotment for any fiscal year which is exempted from such 50 per centum limitation shall not exceed 20 per centum of the total of such allotment for such fiscal year.

[(B) Any amount allotted to a State under the first sentence of paragraph (3) for any fiscal year which is not obligated by the State prior to 60 days prior to the end of the fiscal year for which such sums are appropriated shall be available for making grants to regional groups.

[(C) Funds made available under this subsection shall not be used to supplant non-Federal funds.

[(D) For the purpose of paragraph (3) and paragraph (4) of this section the term 'regional group' means any multi-state group, whether or not representative of contiguous States.

[(E) For purposes of paragraph (3)(B), the term "State" includes, in addition to the several States of the Union, only those special jurisdictions specified in section 3(g) which have a population of 200,000 or more, according to the latest decennial census.

[(5) All amounts allotted or made available under paragraph (3) for a fiscal year which are not granted to a State during such year shall be available at the end of such year to the National Endowment for the Arts for the purpose of carrying out section 5(c) (subsec. (c) of this section).

[(h) SUSPENSION OF GRANTS FOR DEFAULTS, NONCOMPLIANCE WITH PROVISIONS AND PLANS, AND DIVERSION OF FUNDS; REPAYMENT OF FUNDS.—Whenever the Chairperson, after reasonable notice and opportunity for hearing, finds that—

[(1) a group is not complying substantially with the provisions of this section;

[(2) a State agency is not complying substantially with the terms and conditions of its State plan approved under this section; or

[(3) any funds granted to a group or State agency under this section have been diverted from the purposes for which they were allotted or paid,

the Chairperson shall immediately notify the Secretary of the Treasury and the group or State agency with respect to which such finding was made that no further grants will be made under this section to such group or agency until there is no longer any default or failure to comply or the diversion has been corrected, or, if compliance or correction is impossible, until such group or agency repays or arranges the repayment of the Federal funds which have been improperly diverted or expended.

[(i) APPLICATION FOR FINANCIAL ASSISTANCE; REQUIREMENTS.—It shall be a condition of the receipt of financial assistance provided under this section by the Chairperson or the State agency that the applicant for such assistance include in its application—

[(1) a detailed description of the proposed project, production, workshop, or program for which the applicant requests such assistance;

[(2) a timetable for the completion of such proposed project, production, workshop, or program;

[(3) an assurance that the applicant will submit—

[(A) interim reports describing the applicant's—

[(i) progress in carrying out such project, production, workshop, or program; and

[(ii) compliance with this Act and the conditions of receipt of such assistance;

[(B) if such proposed project, production, workshop, or program will be carried out during a period exceeding 1 year, an annual report describing the applicant's—

[(i) progress in carrying out such project, production, workshop, or program; and

[(ii) compliance with this Act and the conditions of receipt of such assistance; and

[(C) not later than 90 days after—

[(i) the end of the period for which the applicant receives such assistance; or

[(ii) the completion of such project, production, workshop, or program; whichever occurs earlier, a final report to the Chairperson or the State agency (as the case may be) describing the applicant's compliance with this Act and the conditions of receipt of such assistance; and

[(4) an assurance that the project, production, workshop, or program for which assistance is requested will meet the standards of artistic excellence and artistic merit required by this Act.

[(j) REGULATIONS FOR DISTRIBUTION OF FINANCIAL ASSISTANCE IN INSTALLMENTS; IMPLEMENTATION.—The Chairperson shall issue regulations to provide for the distribution of financial assistance to

recipients in installments except in those cases where the Chairperson determines that installments are not practicable. In implementing any such installments, the Chairperson shall ensure that—

[(1) not more than two-thirds of such assistance may be provided at the time such applications is approved; and

[(2) the remainder of such assistance may not be provided until the Chairperson finds that the recipient of such assistance is complying substantially with this section and with the conditions under which such assistance is provided to such recipient.

[(k) **REVIEWS TO ENSURE COMPLIANCE WITH REGULATIONS.**—The Inspector General of the Endowment shall conduct appropriate reviews to ensure that recipients of financial assistance under this section comply with the regulations under this Act that apply with respect to such assistance, including regulations relating to accounting and financial matters.

[(l) **USE OF FINANCIAL ASSISTANCE FOR OBSCENE PROJECTS, PRODUCTION, ETC.; REPAYMENT OF ASSISTANCE; EXCEPTIONS.**—

[(1) If, after reasonable notice and opportunity for a hearing on the record, the Chairperson determines that a recipient of financial assistance provided under this section by the Chairperson or any non-Federal entity, used such financial assistance for a project, production, workshop, or program that is determined to be obscene, then the Chairperson shall require that until such recipient repays such assistance (in such amount, and under such terms and conditions, as the Chairperson determines to be appropriate) to the Endowment; no subsequent financial assistance to be provided under this section to such recipient.

[(2) Financial assistance repaid under this section to the Endowment shall be deposited in the Treasury of the United States and credited as miscellaneous receipts.

[(3)(A) This subsection shall not apply with respect to financial assistance provided before the effective date of this subsection.

[(B) This subsection shall not apply with respect to a project, production, workshop, or program after the expiration of the 7-year period beginning on the latest date on which financial assistance is provided under this section for such project, production, workshop, or program.

[(m) **LABOR STANDARDS OF PROFESSIONAL PERFORMERS AND PERSONNEL; HEALTHY AND SAFE WORKING CONDITIONS.**—It shall be a condition of the receipt of any grant under this section that the group or individual of exceptional talent or the State or State agency receiving such grant furnish adequate assurances to the Secretary of Labor that—

[(1) all professional performers and related or supporting professional personnel (other than laborers and mechanics with respect to whom labor standards are prescribed in subsection (k) of this section) employed on projects or productions which are financed in whole or in part under this section will be paid, without subsequent deduction or rebate on any account, not less than the minimum compensation as determined by the

Secretary of Labor to be the prevailing minimum compensation for persons employed in similar activities; and

[(2) no part of any project or production which is financed in whole or in part under this section will be performed or engaged in under working conditions which are unsanitary or hazardous or dangerous to the health and safety of the employees engaged in such project or production. Compliance with the safety and sanitary laws of the State in which the performance or part thereof is to take place shall be prima facie evidence of compliance. The Secretary of Labor shall have the authority to prescribe standards, regulations, and procedures as the Secretary of Labor may deem necessary or appropriate to carry out the provisions of this subsection.

[(n) LABOR STANDARDS OF LABORERS AND MECHANICS.—It shall be a condition of the receipt of any grant under this section that the group or individual of exceptional talent or the State or State agency receiving such grant furnish adequate assurances to the Secretary of Labor that all laborers and mechanics employed by contractors or subcontractors on construction projects assisted under this section shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 USC 276a et seq.). The Secretary of Labor shall have with respect to the labor standards specified in this subsection the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 FR 3176) and section 2 of the Act of June 13, 1934, as amended (40 USC 276c).

[(o) CORRELATION AND DEVELOPMENT OF ENDOWMENT PROGRAMS WITH OTHER FEDERAL AND NON-FEDERAL PROGRAMS; EXPENDITURE OF APPROPRIATIONS.—The Chairperson shall correlate the programs of the National Endowment for the Arts insofar as practicable, with existing Federal programs and with those undertaken by other public agencies or private groups, and shall develop the programs of the Endowment with due regard to the contribution to the objectives of this Act which can be made by other Federal agencies under existing programs. The Chairperson may enter into interagency agreements to promote or assist with the arts-related activities of other Federal agencies, on a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated for the purposes of subsection (c) for the costs of such activities.

[(p) PROGRAM OF CONTRACTS OR GRANTS-IN-AID TO PUBLIC AGENCIES AND PRIVATE NONPROFIT ORGANIZATIONS; LIMITATION ON PAYMENTS; AUTHORITY OF CHAIRPERSON.—

[(1) The Chairperson of the National Endowment for the Arts, with the advice of the National Council on the Arts, is authorized, in accordance with the provisions of this subsection, to establish and carry out a program of contracts with, or grants-in-aid to, public agencies and private nonprofit organizations, on a national, State, or local level for the purpose of strengthening quality by—

[(A) enabling cultural organizations and institutions to increase the levels of continuing support and to increase

the range of contributors to the programs of such organizations or institutions;

[(B) providing administrative and management improvements for cultural organizations and institutions, particularly in the field of long-range financial planning;

[(C) enabling cultural organizations and institutions to increase audience participation in, and appreciation of, programs sponsored by such organizations and institutions;

[(D) providing additional support for cooperative efforts undertaken by State arts agencies with local arts groups and local arts agencies to promote effective arts activity at the State and local level, including—

[(i) support of professional artists in community based residences;

[(ii) support of rural arts development;

[(iii) support of and models for regional, statewide, or local organizations to provide technical assistance to cultural organizations and institutions;

[(iv) support of and models for visual and performing arts touring; and

[(v) support of and models for professional staffing of arts organizations and for stabilizing and broadening the financial base for arts organizations;

[(E) stimulating greater cooperation among cultural organizations and institutions especially designed to serve better the communities in which such organizations or institutions are located;

[(F) fostering greater citizen involvement in planning the cultural development of a community; and

[(G) stimulating artistic activity and awareness which are in keeping with the varied cultural traditions of this Nation.

[(2)(A) The Chairperson of the National Endowment for the Arts, with the advice of the National Council on the Arts, is authorized in accordance with this subsection, to establish and carry out a program of contracts with, or grants to, States for the purposes of—

[(i) raising the artistic capabilities of developing arts organizations by providing for—

[(I) artistic and programmatic development to enhance artistic capabilities, including staff development; and

[(II) technical assistance to improve managerial and organizational skills, financial systems management, and long-range fiscal planning; and

[(ii) stimulating artistic activity and awareness and broadening public access to the arts in rural and innercity areas and other areas that are underserved artistically.

[(B) For purposes of providing financial assistance under this paragraph, the Chairperson shall give priority to the activities described in subparagraph (A)(i).

[(C) The Chairperson may not provide financial assistance under this paragraph to a particular applicant in more than 3 fiscal years for the purpose specified in subparagraph (A)(i).

[(3) The total amount of any payment made under this subsection for a program or project may not exceed 50 per centum of the cost of such program or project.

[(4) In carrying out the program authorized by this subsection, the Chairperson of the National Endowment for the Arts shall have the same authority as is established in subsection (c) and section 10.

[(q) NATIONAL INFORMATION AND DATA COLLECTION SYSTEM ON THE ARTS, ARTISTS AND ART GROUPS, AND AUDIENCES; DEVELOPMENT AND IMPLEMENTATION PLAN; STATE OF THE ARTS REPORTS.—The Chairperson of the National Endowment for the Arts shall, in ongoing consultation with State and local agencies, relevant organizations, and relevant Federal agencies, continue to develop and implement a practical system of national information and data collection and public dissemination on the arts, artists and arts groups, and their audiences. Such system shall include artistic and financial trends in the various artistic fields, trends in audience participation, and trends in arts education on national, regional, and State levels. Such system shall also include information regarding the availability of the arts to various audience segments, including rural communities. Such system shall be used, along with a summary of the data submitted with State plans under subsection (g), to prepare a periodic report on the state of the arts in the Nation. The state of the arts report shall include a description of the availability of the Endowment's programs to emerging, rural, and culturally diverse artists, arts organizations, and communities and of the participation by such artists, organizations, and communities in such programs. The state of the arts report shall be submitted to the President and the Congress, and provided to the States, not later than October 1, 1992, and quadrennially thereafter.

[ACCESS TO THE ARTS THROUGH SUPPORT OF EDUCATION

[SEC. 954a. (a) PURPOSE.—The purposes of this section are—

[(1) to increase accessibility to the arts through providing education to all Americans, including diverse cultures, urban and rural populations by encouraging and developing quality education in the arts at all levels, in conjunction with programs of nonformal education for all age groups, with formal systems of elementary, secondary, and postsecondary education;

[(2) to develop and stimulate research to teach quality education in the arts; and

[(3) to encourage and facilitate the work of artists, arts institutions, and Federal, State, regional, and local agencies in the area of education in the arts.

[(b) PROGRAM OF CONTRACTS OR GRANTS.—The Chairperson of the National Endowment for the Arts, is authorized to establish and carry out a program of contracts with, or grants to any State or other public agency, individual, artist, any nonprofit society, performing and nonperforming arts and educational institution or organization, association, or museum in the United States, in order

to foster and encourage exceptional talent, public knowledge, understanding, and appreciation of the arts, and to support the education, training, and development of this Nation's artists, through such activities as projects that will—

[(1) promote and improve the availability of arts instruction for American youth and life-long learning in the arts;

[(2) enhance the quality of arts instruction in programs of teacher education;

[(3) develop arts faculty resources and talents;

[(4) support and encourage the development of improved curriculum materials in the arts;

[(5) improve evaluation and assessment of education in the arts programs and instruction;

[(6) foster cooperative programs with the Department of Education and encourage partnerships between arts and education agencies at State and local levels, arts organizations, business colleges and universities;

[(7) support apprenticeships, internships, and other career oriented work-study experiences for artists and arts teachers, and encourage residences of artists at all educational levels;

[(8) support the use of technology and improved facilities and resources in education in the arts programs at all levels; and

[(9) foster the development of demonstration projects, demonstration productions, demonstration workshops, and demonstration programs in arts education and collect, and make available to the public, information on their implementation and effectiveness.

[(c) ADVISORY COUNCIL ON ARTS EDUCATION.—In order to provide advice and counsel concerning arts education, the Chairperson shall appoint an advisory council on arts education.

[SEC. 955. NATIONAL COUNCIL ON THE ARTS.—

[(a) INCLUSION WITHIN THE NATIONAL ENDOWMENT FOR THE ARTS.—There shall be, within the National Endowment for the Arts, a National Council on the Arts (hereinafter in this section referred to as the "Council").

[(b) APPOINTMENT AND COMPENSATION OF COUNCIL.—The Council shall be composed of the Chairperson of the National Endowment for the Arts, who shall be Chairperson of the Council, and twenty-six other members appointed by the President, by and with the advice and consent of the Senate, who shall be selected—

[(1) from among private citizens of the United States who (A) are widely recognized for their broad knowledge of, or expertise in, or for their profound interest in, the arts and (B) have established records of distinguished service, or achieved eminence, in the arts;

[(2) so as to include practicing artists, civic cultural leaders, members of the museum profession, and others who are professionally engaged in the arts; and

[(3) so as collectively to provide an appropriate distribution of membership among the major art fields.

The President is requested, in the making of such appointments, to give consideration to such recommendations as may, from time to time, be submitted to the President by leading national organi-

zations in these fields. In making such appointments, the President shall give due regard to equitable representation of women, minorities, and individuals with disabilities who are involved in the arts. Members of the Council shall be appointed so as to represent equitably all geographical areas in the United States.

[(c) TERMS OF OFFICE; VACANCIES.—Each member shall hold office for a term of six years, and the terms of office shall be staggered. The terms of office of all Council members shall expire on the third day of September in the year of expiration. No member shall be eligible for reappointment during the two-year period following the expiration of such member's term. Any member appointed to fill a vacancy shall serve for the remainder of the term for which such member's predecessor was appointed. Notwithstanding any other provision of this subsection, a member shall serve after the expiration of such member's term until his successor takes office.

[(d) MEETINGS OF COUNCIL; QUORUM; WRITTEN RECORDS.—

[(1) The Council shall meet at the call of the Chairperson but not less often than twice during each calendar year. Fourteen members of the Council shall constitute a quorum. All policy meetings of the Council shall be open to the public.

[(2) The council shall—

[(A) create written records summarizing—

[(i) all meetings and discussions of the Council; and

[(ii) the recommendations made by the Council to the Chairperson; and

[(B) make such records available to the public in a manner that protects the privacy of individual applicants, panel members, and Council members.

[(e) COMPENSATION OF MEMBERS.—Members shall receive compensation at a rate to be fixed by the Chairperson but not to exceed the per diem equivalent of the rate authorized for grade GS-18 by section 5332 of title 5 of the United States Code and be allowed travel expenses including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently.

[(f) ADVISORY FUNCTIONS; POLICIES, PROGRAMS, AND PROCEDURES; RECOMMENDATIONS; AUTHORITY OF CHAIRPERSON; ACTION BY CHAIRPERSON PURSUANT TO DELEGATION OF AUTHORITY.—The Council shall advise the Chairperson with respect to policies, programs, and procedures for carrying out the Chairperson's functions, duties, or responsibilities under this Act, and review applications for financial assistance under this Act and make recommendations to the Chairperson with respect to the approval of each application and the amount of financial assistance (if any) to provide to each applicant. The Council shall make recommendations to the Chairperson concerning—

[(1) whether to approve particular applications for financial assistance under subsections (c) and (p) of section 5 that are determined by panels under section 10(c) to have artistic excellence and artistic merit; and

[(2) the amount of financial assistance the Chairperson should provide with respect to each such application the Council recommends for approval.

The Chairperson shall not approve or disapprove any such application until the Chairperson has received the recommendation of the Council on such application. The Chairperson shall have final authority to approve each application, except that the Chairperson may only provide to an applicant the amount of financial assistance recommended by the Council and may not approve an application with respect to which the Council makes a negative recommendation. In the case of an application involving \$30,000, or less, the Chairperson may approve or disapprove such request if such action is taken pursuant to the terms of expressed and direct delegation of authority from the Council to the Chairperson, and provided that each such action by the Chairperson shall be reviewed by the Council, and that such action shall be used with discretion and shall not become a normal practice of providing assistance under such subsections, except that the terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year which exceed an amount equal to 10 per centum of the sums appropriate for that fiscal year pursuant to subparagraph (A) of paragraphs (1) of section 11(a)

【SEC. 956. NATIONAL ENDOWMENT FOR THE HUMANITIES.—

【(a) ESTABLISHMENT.—There is established within the Foundation the National Endowment for the Humanities.

【(b) CHAIRPERSON OF THE ENDOWMENT; APPOINTMENT, TERMS, REAPPOINTMENT; VACANCY; EXPIRATION OF TERM.—

【(1) The Endowment shall be headed by a chairperson, who shall be appointed by the President, by and with the advice and consent of the Senate.

【(2) The term of office of the Chairperson shall be four years, and the Chairperson shall be eligible for reappointment. The provisions of this paragraph shall apply to any person appointed to fill a vacancy in the office of the Chairperson. Upon expiration of the Chairperson's term of office the Chairperson shall serve until the Chairperson's successor shall have been appointed and shall have qualified.

【(c) FUNCTIONS OF THE ENDOWMENT; PUBLICATIONS; TRADITIONALLY UNDERREPRESENTED RECIPIENTS OF FINANCIAL ASSISTANCE.—The Chairperson, with the advice of the National Council of the Humanities (hereinafter established), is authorized to enter into arrangements, including contracts, grants, loans, and other forms of assistance, to—

【(1) develop and encourage the pursuit of a national policy for the promotion of progress and scholarships in the humanities;

【(2) initiate and support research and programs to strengthen the research and teaching potential of the United States in the humanities by making arrangements with individuals or groups to support such activities; any loans made by the Endowment shall be made in accordance with terms and conditions approved by the Secretary of the Treasury;

【(3) initiate and support training and workshops in the humanities by making arrangements with institutions or individuals (fellowships awarded to individuals under this authority may be for the purpose of study or research at appropriate

nonprofits selected by the recipient of such aid, for stated periods of time);

[(4) initiate and support programs and research which have substantial scholarly and cultural significance and that reach, or reflect the diversity and richness of our American cultural heritage, including the culture of, a minority, inner city, rural, or tribal community;

[(5) foster international programs and exchanges;

[(6) foster the interchange of information in the humanities;

[(7) foster, with groups, education in, and public understanding and appreciation of the humanities;

[(8) support the publication of scholarly works in the humanities;

[(9) insure that the benefit of its programs will also be available to our citizens where such programs would otherwise be unavailable due to geographic or economic reasons; and

[(10) foster programs and projects that provide access to, and preserve materials important to research, education, and public understanding of, the humanities.

In the case of publications under clause (8) of this subsection such publications may be supported without regard for the provisions of section 501 of title 44, United States Code, only if the Chairman consults with the Joint Committee on Printing of the Congress and the Chairman submits to the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives a report justifying any exemption from such section 501. In selecting individuals and groups of exceptional talent as recipients of financial assistance to be provided under this subsection, the Chairperson shall give particular regard to scholars, and educational and cultural institutions, that have traditionally been underrepresented.

[(d) COORDINATION AND DEVELOPMENT OF ENDOWMENT PROGRAMS WITH OTHER FEDERAL AND NON-FEDERAL PROGRAMS.—The Chairperson shall coordinate the programs of the National Endowment for the Humanities, insofar as practicable, with existing Federal programs, designated State humanities agencies and with those undertaken by other public agencies or private groups, and shall develop the programs of the Endowment with due regard to the contribution to the objectives of this Act which can be made by other Federal agencies under existing programs.

[(e) LIMITATION ON AMOUNT OF GRANT FOR WORKSHOP ACTIVITIES FOR WHICH AN ADMISSION OR OTHER CHARGE IS MADE TO THE GENERAL PUBLIC.—The total amount of any grant under subsection (c)(3) of this section to any group engaging in workshop activities for which an admission or other charge is made to the general public shall not exceed 30 per centum of the total cost of such activities.

[(f) GRANTS-IN-AID PROGRAMS; DESIGNATION OF STATE ADMINISTRATIVE AGENCY; MATCHING FUNDS; APPLICATIONS AND PLANS; ALLOTMENTS; COST LIMITATIONS; GRANTS TO REGIONAL GROUPS; NON-FEDERAL FUNDING; DEFINITIONS; SUSPENSION OF GRANTS; SINGLE ENTITY LIMITATION.—

[(1) The Chairperson, with the advice of the National Council on the Humanities, is authorized, in accordance with the

provisions of this subsection, to establish and carry out a program of grants-in-aid in each of the several States in order to support not more than 50 per centum of the cost of existing activities which meet the standards enumerated in subsection (c) of this section, and in order to develop a program in the humanities in such a manner as will furnish adequate programs in the humanities in each of the several States.

[(2)(A) Whenever a State desires to designate or to provide for the establishment of a State agency as the sole agency for the administration of the State plan, such State shall designate the humanities council in existence on the date as the State agency, and shall match from State funds a sum equal to 50 per centum of that portion of Federal financial assistance received by such State under this subsection which is described in the first sentence of paragraph (4) relating to the minimum State grant, or 25 per centum of the total amount of Federal financial assistance received by such State under this subsection, whichever is greater, for the fiscal year involved. In any State in which the State selects the option described in this subparagraph, the State shall submit, before the beginning of each fiscal year, an application for grants and accompany such application with a plan which the Chairperson finds—

[(i) designates or provides for the establishment of a state agency (hereinafter in this section referred to as the "State agency") as the sole agency for the administration of State plan;

[(ii) provides that the chief executive officer of the State will appoint new members to the State humanities council designated under the provisions of this subparagraph, as vacancies occur as a result of the expiration of the terms of members of such council, until the chief executive officer has appointed all of the members of such council;

[(iii) provides, from State funds, an amount equal to 50 per centum of that portion of Federal financial assistance received by such State under this subsection which is described in the first sentence of paragraph (4) relating to the minimum State grant, or 25 per centum of the total amount of Federal financial assistance received by such State under this subsection, whichever is greater, for the fiscal year involved;

[(iv) provides that funds paid to the State under this subsection will be expended solely on programs approved by the State agency which carry out the objectives of subsection (c) and which are designed to bring the humanities to the public;

[(v) provides assurances that State funds will be newly appropriated for the purpose of meeting the requirements of this subparagraph.

[(vi) provides that the State agency will make such reports, in such form and containing such information, as the Chairperson may require, including a description of the progress made toward achieving the goals of the State plan;

[(vii) provides—

[(I) assurances that the State agency has held, after reasonable notice, public meetings in the State to allow scholars, interested organizations, and the public to present views and make recommendations regarding the State plan; and

[(II) a summary of such recommendations and of the response of the State agency to such recommendations; and

[(viii) contains—

[(I) a description of the level of participation during the most recent preceding year for which information is available by scholars and scholarly organizations in programs receiving financial assistance under this subsection;

[(II) for the most recent preceding year for which information is available, a description of the extent to which the programs receiving financial assistance under this subsection are available to all people and communities in the State; and

[(III) a description of programs receiving financial assistance under this subsection that exist or are being developed to secure wider participation of scholars and scholarly organizations identified under subclause (I) of this clause or that address the availability of the humanities to all people or communities identified under subclause (II) of this clause.

No application may be approved unless the accompanying plan satisfies the requirements specified in this subsection.

[(B) In any State in which the chief executive officer of the State fails to submit an application under subparagraph (A), the grant recipient in such State shall—

[(i) establish a procedure which assures that six members of the governing body of such grant recipient shall be appointed by an appropriate officer or agency of such State, except that in no event may the number of such members exceed 25 per centum of the total membership of such governing body; and

[(ii) provide, from any source, an amount equal to the amount of Federal financial assistance received by such grant recipient under this subsection for the fiscal year involved.

[(3) Whenever a State selects to receive Federal financial assistance under this subsection for any fiscal year under paragraph (2)(B), any appropriate entity desiring to receive such assistance shall submit an application for such assistance at such time as shall be specified by the Chairperson. Each such application shall be accompanied by a plan which the Chairperson finds—

[(A) provides assurances that the grant recipient will comply with the requirements of paragraph (2)(B);

[(B) provides that funds paid to the grant recipient will be expended solely on programs which carry out the objectives of subsection (c);

[(C) establishes a membership policy which is designed to assure broad public representation with respect to programs administered by such grant recipient;

[(D) provides a nomination process which assures opportunities for nomination to membership from various groups within the State involved and from a variety of segments of the population of such State, and including individuals who by reason of their achievement, scholarship, or creativity in the humanities, are especially qualified to serve;

[(E) provides for a membership rotation process which assures the regular rotation of the membership and officers of such grant recipient;

[(F) establishes reporting procedures which are designed to inform the chief executive officer of the State involved, and other appropriate officers and agencies, of the activities of such grant recipient;

[(G) establishes procedures to assure public access to information relating to such activities;

[(H) provides that such recipient will make reports to the Chairperson, in such form, at such times, and containing such information, as the Chairperson may require, including a description of the progress made toward achieving the goals of the plan;

[(I) provides—

[(i) assurances that the grant recipient has held, after reasonable notice, public meetings in the State to allow scholars, interested organizations, and the public to present views and make recommendations regarding the plan; and

[(ii) a summary of such recommendations and of the response of the grant recipient to such recommendations; and

[(J) contains—

[(i) a description of the level of participation during the most recent preceding year for which information is available by scholars and scholarly organizations in programs receiving financial assistance under this subsection;

[(ii) for the most recent preceding year for which information is available, a description of the extent to which the programs receiving financial assistance under this subsection are available to all people and communities in the State; and

[(iii) a description of programs receiving financial assistance under this subsection that exist or are being developed to secure wider participation of scholars and scholarly organizations identified under clause (i) of this subparagraph or that address the availability of the humanities to all people or communities identified under clause (ii) of this subparagraph.

No application may be approved unless the accompanying plan satisfies the requirements specified in this subsection.

[(4) Of the sums available to carry out this subsection for any fiscal year, each State and each grant recipient which has a plan approved by the Chairperson shall be allotted at least \$200,000. If the sums appropriated are insufficient to make the allotments under the preceding sentence in full, such sums shall be allotted among such States and grant recipients in equal amounts. In any case where the sums available to carry out this subsection for any fiscal year are in excess of the amount required to make the allotments under the first sentence of this paragraph—

[(A) 34 per centum of the amount of such excess for such fiscal year shall be available to the Chairperson for making grants under this subsection to States and regional groups and entities applying for such grants;

[(B) 44 per centum of the amount of such excess for such fiscal year shall be allotted in equal amounts among the States and grant recipients which have plans approved by the Chairperson; and

[(C) 22 per centum of the amount of such excess for such fiscal year shall be allotted among the States and grant recipients which have plans approved by the Chairperson in amounts which bear the same ratio to such excess as the population of the State for which the plan is approved (or, in the case of a grant recipient other than a State, the population of the State in which such grant recipient is located) bears to the population of all the States.

[(5)(A) The amount of each allotment to a State for any fiscal year under this subsection shall be available to each State or grant recipient, which has a plan or application approved by the Chairperson in effect on the first day of such fiscal year, to pay not more than 50 per centum of the total cost of any project or production described in paragraph (1). The amount of any allotment made under paragraph (4) for any fiscal year—

[(i) which exceeds \$125,000, but

[(ii) which does not exceed 20 per centum of such allotment, shall be available, at the discretion of the Chairperson, to pay up to 100 per centum of the cost of programs under this subsection if such programs would otherwise be unavailable to the residents of that State.

[(B) Any amount allotted to a State under the first sentence of paragraph (4) for any fiscal year which is not obligated by the State agency or grant recipient prior to sixty days prior to the end of the fiscal year for which such sums are appropriated shall be available to the Chairperson for making grants to regional groups.

[(C) Funds made available under this subsection shall not be used to supplant non-Federal funds.

[(D) For the purposes of this paragraph, the term “regional group” means any multistate group, whether or not representative of contiguous States.

[(E) For purposes of paragraph (4)(B), the term “State” and the term “grant recipient” include, in addition to the several States of the Union, only those special jurisdictions specified in

section 3(g) which have a population of 200,000 or more, according to the latest decennial census.

[(6) All amounts allotted or made available under paragraph (4) for a fiscal year which are not granted to any entity during such fiscal year shall be available to the National Endowment for the Humanities for the purpose of carrying out subsection (c).

[(7) Whenever the Chairperson, after reasonable notice and opportunity for hearing, finds that—

[(A) a group or grant recipient is not complying substantially with the provisions of this subsection;

[(B) a State agency or grant recipient is not complying substantially with terms and conditions of its State plan or grant recipient application approved under this subsection; or

[(C) any funds granted to any group or State agency or grant recipient under this subsection have been diverted from the purposes for which they are allotted or paid, the Chairperson shall immediately notify the Secretary of the Treasury and the group, State agency, or grant recipient with respect to which such finding was made that no further grants will be made under this subsection to such group, State agency, or grant recipient until there is no longer a default or failure to comply or the diversion has been corrected, or, if the compliance or correction is impossible, until such group, State agency, or grant recipient repays or arranges the repayment of the Federal funds which have been improperly diverted or expended.

[(8) Except as provided in the third sentence of paragraph (4), and paragraphs (5) and (6), the Chairperson may not make grants under this subsection to more than one entity in any State.

[(g) PAYMENT OF PERFORMERS AND SUPPORTING PERSONNEL; STANDARDS, REGULATIONS, AND PROCEDURES.—It shall be a condition of the receipt of any grant under this section that the group, individual, or State agency or entity receiving such grant furnish adequate assurances to the Secretary of Labor that—

[(1) all professional performers and related or supporting professional personnel employed on projects or productions which are financed in whole or in part under this section will be paid, without subsequent deduction or rebate on any account, not less than the minimum compensation as determined by the Secretary of Labor to be the prevailing minimum compensation for persons employed in similar activities; and

[(2) no part of any project or production which is financed in whole or in part under this section will be performed or engaged in under working conditions which are unsanitary or hazardous or dangerous to the health and safety of the employees engaged in such project or production. Compliance with the safety and sanitary laws of the State in which the performance or part thereof is to take place shall be prima facie evidence of compliance. The Secretary of Labor shall prescribe standards, regulations, and procedures necessary to carry out this subsection.

[(h) PROGRAM OF CONTRACTS OR GRANTS-IN-AID TO PUBLIC AGENCIES AND PRIVATE NONPROFIT ORGANIZATIONS; LIMITATION ON PAYMENTS.—

[(1) The Chairperson of the National Endowment for the Humanities, with the advice of the National Council on the Humanities, is authorized, in accordance with the provisions of this subsection, to establish and carry out a program of contracts with, or grants-in-aid to, public agencies and private nonprofit organizations for the purpose of—

[(A) enabling cultural organizations and institutions to increase the levels of continuing support and to increase the range of contributors to the program of such organizations or institutions;

[(B) providing administrative and management improvements for cultural organizations and institutions, particularly in the field of long-range financial planning;

[(C) enabling cultural organizations and institutions to increase audience participation in, and appreciation of, programs sponsored by such organizations and institutions;

[(D) stimulating greater cooperation among cultural organizations and institutions especially designed to serve better the communities in which such organizations or institutions are located;

[(E) fostering greater citizen involvement in planning the cultural development of a community; and

[(F) for bicentennial programs, assessing where our society and Government stand in relation to the founding principles of the Republic, primarily focused on projects which will bring together the public and private citizen sectors in an effort to find new processes for solving problems facing our Nation in its third century.

[(2)(A) Except as provided in subparagraph (B) of this paragraph, the total amount of any payment made under this subsection for a program or project may not exceed 50 per centum of the cost of such program or project.

[(B) The Chairperson, with the advice of the Council, may waive all or part of the requirement of matching funds provided in subparagraph (A) of this paragraph, but only for the purposes described in clause (F) of paragraph (1), whenever he determines that highly meritorious proposals for grants and contracts under such clause, could not otherwise be supported from non-Federal sources or from Federal sources other than funds authorized by section 11(a)(3), unless such matching requirement is waived. Such waiver may not exceed 15 per centum of the amount appropriated in any fiscal year and available to the National Endowment for the Humanities for the purpose of this subsection.

[(3) In carrying out the program authorized by this subsection, the Chairperson of the National Endowment for the Humanities shall have the same authority as is established in section 7(c) and section 10.

[(i) INTERAGENCY AGREEMENTS.—The Chairperson may enter into interagency agreements to promote or assist with the human-

ities-related activities of other Federal agencies, on either a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated for the purposes of subsection (c) for the costs of such activities.

[(j) PAYMENT OF WAGES AT PREVAILING RATES; AUTHORITY OF SECRETARY OF LABOR.—It shall be a condition of the receipt of any grant under this section that the group or individual of exceptional talent or the State, State agency, or entity receiving such grant furnish adequate assurances to the Secretary of Labor that all laborers and mechanics employed by contractors or subcontractors on construction projects assisted under this section shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5). The Secretary of Labor shall have, with respect to the labor standards specified in this subsection, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. 133z–15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

[(k) NATIONAL INFORMATION AND DATA COLLECTION SYSTEM ON HUMANITIES, SCHOLARS, EDUCATIONAL AND CULTURAL GROUPS, AND AUDIENCES; DEVELOPMENT AND IMPLEMENTATION PLAN; STATE OF THE HUMANITIES REPORTS.—The Chairperson of the National Endowment for the Humanities shall, in ongoing consultation with State and local agencies, other relevant organizations, and relevant Federal agencies, continue to develop and implement a practical system of national information and data collection and public dissemination on the humanities, scholars, educational and cultural groups, and their audiences. Such system shall include cultural and financial trends in the various humanities fields, trends in audience participation, and trends in humanities education on national, regional, and State levels. Such system shall be used, along with a summary of the data submitted with plans under subsection (f), to prepare a report on the state of the humanities in the Nation. The state of the humanities report shall include a description of the availability of the Endowment's programs to emerging and culturally diverse scholars, cultural and educational organizations, and communities and of the participation of such scholars, organizations, and communities in such programs. The state of the humanities report shall be submitted to the President and the Congress, and provided the States, not later than October 1, 1992, and quadrennially thereafter.

[(l) ELIGIBILITY OF GROUP FOR FINANCIAL ASSISTANCE.—Any group shall be eligible for financial assistance under this section only if—

[(1) no part of its net earnings inures to the benefit of any private stockholder or stockholders, or individual or individuals; and

[(2) donations to such group are allowable as a charitable contribution under the standards of section 170(c) of the Internal Revenue Code of 1986.

[(m) ANNUAL AWARDS.—The Chairperson, with the advice of the National Council on the Humanities, is authorized to make the following annual awards:

[(1) The Jefferson Lecture in the Humanities Award to one individual for distinguished intellectual achievement in the humanities. The annual award shall not exceed \$10,000.

[(2) The Charles Frankel Prize to honor individuals who have made outstanding contributions to the public understanding of the humanities. Not more than 5 individuals may receive such prize each year. Each prize shall not exceed \$5,000.

[SEC. 957. NATIONAL COUNCIL ON THE HUMANITIES.—

[(a) ESTABLISHMENT.—There is established in the National Endowment for the Humanities a National Council on the Humanities.

[(b) COMPOSITION; BASIS FOR SELECTION OF MEMBERS; REPRESENTATION OF INTERESTS; RECOMMENDATIONS OF NATIONAL ORGANIZATIONS.—The Council shall be composed of the Chairperson of the National Endowment for the Humanities, who shall be the Chairperson of the Council, and twenty-six other members appointed by the President, by and with the advice and consent of the Senate, from private life. Such members shall be individuals who (1) are selected from among private citizens of the United States who are recognized for their broad knowledge of, expertise in, or commitment to the humanities, and (2) have established records of distinguished service and scholarship or creativity and in a manner which will provide a comprehensive representation of the views of scholars and professional practitioners in the humanities and of the public throughout the United States. The President is requested in the making of such appointments to give consideration to such recommendations as may from time to time be submitted to him by leading national organizations concerned with the humanities. In making such appointments, the President shall give due regard to equitable representation of women, minorities, and individuals with disabilities who are involved in the humanities.

[(c) TERM OF OFFICE; VACANCIES; REAPPOINTMENT.—Each member shall hold office for a term of six years, except that (1) the members first taking office shall serve, as designated by the President, nine for terms of two years, nine for terms of four years, and eight for terms of six years, and (2) any member appointed to fill a vacancy shall serve for the remainder of the terms for which such member's predecessor was appointed. No member shall be eligible for reappointment during the two-year period following the expiration of such member's term. Notwithstanding any other provisions of this subsection, a member shall serve after the expiration of such member's term until such member's successor takes office.

[(d) MEETINGS; QUORUM.—The Council shall meet at the call of the Chairperson but not less often than twice during each calendar year. Fourteen members of the Council shall constitute a quorum.

[(e) COMPENSATION AND TRAVEL EXPENSES.—Members shall receive compensation at a rate to be fixed by the Chairperson but not to exceed the per diem equivalent of the rate authorized for grade GS-18 by section 5332 of title 5 of the United States Code and be allowed travel expenses including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently.

[(f) ADVISORY FUNCTIONS; POLICIES, PROGRAMS, AND PROCEDURES; REVIEW OF APPLICATIONS FOR FINANCIAL SUPPORT; REC-

COMMENDATIONS PREREQUISITE TO ACTION OF THE CHAIRPERSON; UNILATERAL ACTION BY CHAIRPERSON PURSUANT TO DELEGATION OF AUTHORITY.—The Council shall (1) advise the Chairperson with respect to policies, programs, and procedures for carrying out the Chairperson's functions, and (2) shall review applications for financial support and make recommendations thereon to the Chairperson. The Chairperson shall not approve or disapprove any such application until the Chairperson has received the recommendation of the Council on such application, unless the Council fails to make a recommendation thereon within a reasonable time. In the case of any application involving \$30,000 or less, the Chairperson may approve or disapprove such request if such action is taken pursuant to the terms of a delegation of authority from the Council to the Chairperson, and provided that each such action by the Chairperson shall be reviewed by the Council: *Provided*, That the terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year which exceed an amount equal to 10 per centum of the sums appropriated for that fiscal year pursuant to subparagraph (B) of paragraph (1) of section 11(c).

[SEC. 958. FEDERAL COUNCIL ON THE ARTS AND THE HUMANITIES.—

[(a) ESTABLISHMENT.—There is established within the Foundation a Federal Council on the Arts and the Humanities.

[(b) COMPOSITION; CHAIRPERSON, DESIGNATION BY PRESIDENT; CHANGES IN MEMBERSHIP TO MEET CHANGES IN PROGRAMS OR EXECUTIVE BRANCH ORGANIZATION.—The Council shall be composed of the Chairperson of the National Endowment for the Arts, the Chairperson of the National Endowment for the Humanities, the Director of the Institute of Museum Services, the Secretary of Education, the Secretary of the Smithsonian Institution, the Director of the National Science Foundation, the Librarian of Congress, the Director of the National Gallery of Art, the Chairman of the Commission of Fine Arts, the Archivist of the United States, the Commissioner, Public Buildings Service, General Services Administration, the Assistant Secretary for Aging, a member designated by the Secretary of State, and a member designated by the Secretary of the Interior, a member designated by the Chairman of the Senate Commission on Art and Antiquities, and a member designated by the Speaker of the House. The President shall designate the presiding officer of the Council from among the members. The President is authorized to change the membership of the Council from time to time as the President deems necessary to meet changes in Federal programs or executive branch organization.

[(c) FUNCTIONS.—The Council shall—

[(1) advise and consult with the Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities on major problems arising in carrying out the purposes of the Foundation;

[(2) Advise and consult with the National Museum Services Board and with the Director of the Institute of Museum Services on major problems arising in carrying out the purposes of such Institute;

[(3) coordinate, by advice and consultation, so far as is practicable, the policies and operations of the National Endowment for the Arts, the National Endowment for the Humanities and the Institute of Museum Services, including joint support of activities, as appropriate;

[(4) promote coordination between the programs and activities of the Foundation and related programs and activities of other Federal agencies;

[(5) plan and coordinate appropriate participation (including productions and projects) in major and historic national events;

[(6) undertake studies and make reports which address the state of the arts and humanities, particularly with respect to their economic needs and problems; and

[(7) encourage an ongoing dialogue in support of the arts and the humanities among Federal agencies.

[SEC. 959. ADMINISTRATIVE PROVISIONS.—

[(a) GENERAL AUTHORITY OF CHAIRPERSONS.—In addition to any authorities vested in them by other provisions of this Act, the Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities in carrying out their respective functions, shall each have authority—

[(1) to prescribe such regulations as the Chairperson deems necessary governing the manner in which the Chairperson's functions shall be carried out;

[(2) in the discretion of the Chairperson of an Endowment, after receiving the recommendation of the National Council of that Endowment, to receive money and other property donated, bequeathed, or devised to that Endowment with or without a condition or restriction, including a condition that the Chairperson use other funds of that Endowment for the purposes of the gift; except that a Chairperson may receive a gift without a recommendation from the Council to provide support for any application or project which can be approved without Council recommendation under the provisions of sections 6(f) and 8(f), and may receive a gift of \$15,000, or less without Council recommendation in the event the Council fails to provide such recommendation within a reasonable period of time and to use, sell, or otherwise dispose of such property for the purpose of carrying out sections 5(c) and 7(c);

[(3) to appoint employees, subject to the civil service laws, as necessary to carry out the Chairperson's functions, define their duties, and supervise and direct their activities;

[(4) to utilize experts and consultants, including panels of experts, who may be employed as authorized by section 3109 of title 5, United States Code;

[(5) to accept and utilize the services of voluntary and uncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by law (5 USC 73b-2) for persons in the Government, service employed without compensation;

[(6) to make advance, progress, and other payments without regard to section 3324 of title 31, United States Code;

[(7) to rent office space in the District of Columbia; and

[(8) to make other necessary expenditures.

[(b) RULES FOR DISTRIBUTION OF DONATIONS, BEQUESTS, AND DEVICES; GIFTS WITH OR WITHOUT CONDITIONS; TRANSFERS FOR TAX PURPOSES.—

[(1) In any case in which any money or other property is donated, bequeathed, or devised to the Foundation without designation of the Endowment for the benefit of which such property is intended, and without condition or restriction other than that it be used for the purposes of the Foundation, such property shall be deemed to have been donated, bequeathed, or devised in equal shares to each Endowment and each Chairperson of an Endowment shall have authority to receive such property.

[(2) In any case in which any money or other property is donated, bequeathed, or devised to the Foundation with a condition or restriction, such property shall be deemed to have been donated, bequeathed, or devised to that Endowment whose function it is to carry out the purpose or purposes described or referred to by the terms of such condition or restriction, and each Chairperson of an Endowment shall have authority to receive such property.

[(3) For the purposes of the preceding sentence, if one or more of the purposes of such a condition or restriction is covered by the functions of both Endowments, or if some of the purposes of such a condition or restriction are covered by the functions of one Endowment and other of the purposes of such a condition or restriction are covered by the functions of the other Endowment, the Federal Council on the Arts and the Humanities shall determine an equitable manner for distribution between each of the Endowments of the property so donated, bequeathed, or devised.

[(4) For the purpose of the income tax, gift tax, and estate tax laws of the United States, any money or other property donated, bequeathed, or devised to the Foundation or one of its Endowments and received by the Chairperson of an Endowment pursuant to authority derived under this subsection shall be deemed to have been donated, bequeathed, or devised to or for the use of the United States.

[(c) ADVISORY PANELS; MEMBERSHIP; PROCEDURES.—The Chairperson of the National Endowment for the Arts shall utilize advisory panels to review applications, and to make recommendations to the National Council on the Arts in all cases except cases in which the Chairperson exercises authority delegated under section 6(f). When reviewing applications, such panels shall recommend applications for projects, productions, and workshops solely on the basis of artistic excellence and artistic merit. The Chairperson shall issue regulations and establish procedures—

[(1) to ensure that all panels are composed, to the extent practicable, of individuals reflecting a wide geographic, ethnic, and minority representation as well as individuals reflecting diverse artistic and cultural points of view;

[(2) to ensure that all panels include representation of lay individuals who are knowledgeable about the arts but who are not engaged in the arts as a profession and are not members of either artists' organizations or arts organizations;

[(3) to ensure that, when feasible, the procedures used by panels to carry out their responsibilities are standardized;

[(4) to require panels—

[(A) to create written records summarizing—

[(i) all meetings and discussions of such panel; and

[(ii) the recommendations made by such panel to the Council; and

[(B) to make such records available to the public in a manner that protects the privacy of individual applicants and panel members;

[(5) to require, when necessary and feasible, the use of site visitations to view the work of the applicant and deliver a written report on the work being reviewed, in order to assist panelists in making their recommendations; and

[(6) to require that the membership of each panel change substantially from year to year and to provide that each individual is ineligible to serve on a panel for more than 3 consecutive years. In making appointments to panels, the Chairperson shall ensure that an individual who has a pending application for financial assistance under this Act, or who is an employee or agent of an organization with a pending application, does not serve as a member of any panel before which such application is pending. The prohibition described in the preceding sentence shall commence with respect to such individual beginning on the date such application is submitted and shall continue for so long as such application is pending.

[(d) ENDOWMENT ACTIVITIES; REPORTS.—The Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities shall each submit an annual report to the President for transmittal to the Congress on or before the 15th day of April of each year. The report shall summarize the activities of the Endowment for the preceding year, and may include such recommendations as the Chairman deems appropriate.

[(e) COUNCIL ACTIVITIES; REPORTS.—The National Council on the Arts and the National Council on the Humanities, respectively, may each submit an annual report to the President for transmittal to the Congress on or before the 15th day of April of each year setting forth a summary of its activities during the preceding year or its recommendations for any measures which it considers necessary or desirable.

[(f) POST-AWARD EVALUATION OF ASSISTED PROJECTS, PRODUCTIONS, AND PROGRAMS; REPORTS; EXTENSION OF TIME FOR COMPLIANCE; FAILURE TO SATISFY PURPOSES OF ASSISTANCE.—

[(1) The Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities shall conduct a post-award evaluation of projects, productions, and programs for which financial assistance is provided by their respective Endowments under sections 5(c) and 7(c). Such evaluation may include an audit to determine the accuracy of the reports required to be submitted by recipients under clauses (i) and (ii) of paragraph (2)(A). As a condition of receiving such financial assistance, a recipient shall comply with the requirements specified in paragraph (2) that

are applicable to the project, production, or program for which such financial assistance is received.

[(2)(A) The recipient of financial assistance provided by either of the Endowments shall submit to the Chairperson of the Endowment involved—

[(i) a financial report containing such information as the Chairperson deems necessary to ensure that such financial assistance is expended in accordance with the terms and conditions under which it is provided;

[(ii) a report describing the project, production, or program carried out with such financial assistance; and

[(iii) if practicable, as determined by the Chairperson, a copy of such project, production, or program.

[(B) Such recipient shall comply with the requirements of this paragraph not later than 90 days after the end of the period for which such financial assistance is provided. The Chairperson may extend the 90-day period only if the recipient shows good cause why such an extension should be granted.

[(3) If such recipient substantially fails to satisfy the purposes for which such financial assistance is provided and the criteria specified in subsection (c)(3)(A), as determined by the Chairperson of the Endowment that provided such financial assistance, then such Chairperson may—

[(A) for purposes of determining whether to provide any subsequent financial assistance, take into consideration the results of the post-award evaluation conducted under this subsection;

[(B) prohibit the recipient of such financial assistance to use the name of, or in any way associate such project, production, or program with the Endowment that provided such financial assistance; and

[(C) if such project, production, or program is published, require that the publication contain the following statement: "The opinions, findings, conclusions, and recommendations expressed herein do not reflect the views of the National Endowment for the Arts or the National Endowment for the Humanities."

[SEC. 960. AUTHORIZATION OF APPROPRIATIONS.—

[(a) CONTRACTS, GRANTS-IN-AID, AND LOANS TO GROUPS, INDIVIDUALS, PUBLIC AGENCIES, AND PRIVATE NONPROFIT ORGANIZATIONS; AVAILABILITY OF APPROPRIATIONS; GUIDELINES.—

[(1)(A)(i) For the purpose of carrying out section 5(c), there are authorized to be appropriated to the National Endowment for the Arts \$125,800,000 for fiscal year 1991 and such sums as may be necessary for fiscal years 1992 and 1993.

[(ii) For fiscal years—

[(I) 1991 and 1992 not less than 25 percent of the amount appropriated for the respective fiscal year; and

[(II) 1993 not less than 27.5 percent of the amount appropriated for such fiscal year; shall be for carrying out section 5(g).

[(iii) For fiscal years—

[(I) 1991 and 1992 not less than 5 percent of the amount appropriated for the respective fiscal year; and

[(II) 1993 not less than 7.5 percent of the amount appropriated for such fiscal year; shall be for carrying out programs under section 5(p)(2) (relating to programs to expand public access to the arts in rural and innercity areas) Not less than 50 percent of the funds required by this clause to be used for carrying out such programs shall be used for carrying out such programs in rural areas.

[(B) For the purpose of carrying out section 7(c), there are authorized to be appropriated to the National Endowment for the Humanities \$119,900,000 for fiscal year 1991 and such sums as may be necessary for fiscal year 1992 and 1993. Of the sums so appropriated for any fiscal year, not less than 20 per centum shall be for carrying out section 7(f).

[(2)(A) There are authorized to be appropriated for each fiscal year ending before October 1, 1993, to the National Endowment for the Arts an amount equal to the sum of—

[(i) the total amounts received by such Endowment under section 10(a)(2), including the value of property donated, bequeathed, or devised to such Endowment; and

[(ii) the total amounts received by the grantees of such Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees, for use in carrying out projects and other activities under paragraph (1) through paragraph (10) of section 5(c); except that the amounts so appropriated to the National Endowment for the Arts shall not exceed \$13,000,000 for fiscal year 1991 and such sums as may be necessary for fiscal years 1992 and 1993.

[(B) There are authorized to be appropriated for each fiscal year ending October 1, 1993, to the National Endowment for the Humanities an amount equal to the sum of—

[(i) the total amounts received by such Endowment under section 10(a)(2), including the value of property donated bequeathed, or devised to such Endowment; and

[(ii) the total amounts received by the grantees and subgrantees of such Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees and subgrantees for use in carrying out activities under paragraph (1) through paragraph (10) of section 7(c);

except that the amounts so appropriated to the National Endowment for the Humanities shall not exceed \$12,000,000 for fiscal year 1991 and such sums as may be necessary for fiscal years 1992 and 1993.

[(3)(A) There are authorized to be appropriated for each fiscal year ending before October 1, 1993, to the National Endowment for the Arts an amount equal to the sum of—

[(i) the total amounts received by such Endowment, for the purposes set forth in section 5(p)(1) pursuant to the authority of section 10(a)(2); and

[(ii) the total amounts received by the grantees of such Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees, for use in carrying out activities under subparagraph

(A) through subparagraph (F) of section 5(l)(1); except that the amounts so appropriated to such Endowment shall not exceed \$15,000,000 for fiscal year 1991 and such sums as may be necessary for fiscal years 1992 and 1993.

[(B) There are authorized to be appropriated for each fiscal year ending before October 1, 1993, to the National Endowment for the Humanities an amount equal to the sum of—

[(i) the total amounts received by such Endowment, including the value of property donated, bequeathed, or devised to such Endowment, for the purposes set forth in section 7(h)(1) pursuant to the authority of section (10)(a)(2); and

[(ii) the total amounts received by the grantees of such Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees, for use in carrying out activities under subparagraph (A) through subparagraph (F) of section 7(h)(1); except that the amounts so appropriated to such Endowment shall not exceed \$15,150,000 for fiscal year 1991 and such sums as may be necessary for fiscal years 1992 and 1993.

[(C) Sums appropriated pursuant to subparagraph (A) and subparagraph (B) for any fiscal year shall remain available for obligation and expenditure until expended.

[(4) The Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities, as the case may be, shall issue guidelines to implement the provisions of paragraph (2) and paragraph (3). Such guidelines shall be consistent with the requirements of section 5(p)(1) section 7(f), and section 7(h)(2), as the case may be, regarding total Federal support of activities, programs, projects, or productions carried out under authority of this Act.

[(b) AVAILABILITY OF APPROPRIATED UNEXPENDED FUNDS; NOTICE OF AVAILABILITY OF FUNDS BY ADVANCE APPROPRIATION.—

[(1) Sums appropriated pursuant to subsection (a) for any fiscal year shall remain available for obligation and expenditure until expended.

[(2) In order to afford adequate notice to interested persons of available assistance under this Act, appropriations authorized under subsection (a) are authorized to be included in the measure making appropriations for the fiscal year preceding the fiscal year for which such appropriations become available for obligation.

[(c) ADMINISTRATIVE APPROPRIATIONS.—

[(1) There are authorized to be appropriated to the National Endowment for the Arts \$21,200,200 for fiscal year 1991 and such sums as may be necessary for fiscal years 1992 and 1993, to administer the provisions of this Act, or any other program for which the Chairperson of the National Endowment for the Arts is responsible, including not to exceed \$100,000 for each such fiscal year for official reception and representation expenses. The total amount which may be obligated or expended for such expenses for fiscal year 1995 through the use of appropriated funds or any other source of funds shall not exceed \$100,000.

[(2) There are authorized to be appropriated to the National Endowment for the Humanities \$17,950,000 for fiscal year 1991 and such sums as may be necessary for fiscal years 1992 and 1993, to administer the provisions of this Act, or any other program for which the Chairperson of the National Endowment for the Humanities is responsible, including not to exceed \$100,000 for each such fiscal year for official reception and representation expenses. The total amount which may be obligated or expended for such expenses for fiscal year 1995 through the use of appropriated funds or any other source of funds shall not exceed \$100,000.]

[(d) TOTAL AMOUNT OF APPROPRIATIONS.—

[(1) The total amount of appropriations to carry out the activities of the National Endowment for the Arts shall not exceed—

[(A) \$167,060,000 for fiscal year 1986,

[(B) \$170,206,400 for fiscal year 1987, and

[(C) \$177,014,656 for fiscal year 1988.]

[(2) The total amount of appropriations to carry out the activities for the National Endowment for the Humanities shall not exceed—

[(A) \$139,878,000 for fiscal year 1986,

[(B) \$145,057,120 for fiscal year 1987, and

[(C) \$150,859,405 for fiscal year 1988.]

[(e) PROHIBITION OF GRANTS TO PRODUCTION WORKSHOPS USING ADMISSION PROCEEDS FOR UNAUTHORIZED PURPOSES.—No grant shall be made to a workshop (other than a workshop conducted by a school, college, or university) for a production for which a direct or indirect admission charge is asked if the proceeds, after deducting reasonable costs, are used for purposes other than assisting the grantee to develop high standards of artistic excellence or encourage greater appreciation of the arts and humanities by our citizens.

[(f) AVAILABILITY OF APPROPRIATIONS FOR ARTS EDUCATION.—

[(1) Subject to subparagraph (2), in any fiscal year in which the aggregate amount appropriated to the National Endowment for the Arts exceeds \$175,000,000, 50 percent of such excess shall be available to carry out section 5A.

[(2) In each fiscal year, the amount made available to carry out section 5A shall not exceed \$40,000,000, in the aggregate.

[(3) Funds made available to carry out section 5A shall remain available until expended.]

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) *SHORT TITLE.*—This Act may be cited as the “National Foundation on the Arts and the Humanities Act of 1965”.

(b) *TABLE OF CONTENTS.*—The table of contents is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Purposes.

Sec. 3. Definitions.

TITLE I—NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Sec. 101. Establishment of the National Foundation on the Arts and the Humanities.

Sec. 102. General limitations on grants.

Sec. 103. Joint administration.

Sec. 104. Study on a true endowment.

Sec. 105. Authorization of appropriations.

TITLE II—NATIONAL ENDOWMENT FOR THE ARTS

- Sec. 201. Definitions.*
- Sec. 202. Establishment of the National Endowment for the Arts.*
- Sec. 203. Application procedures.*
- Sec. 204. Advisory panels.*
- Sec. 205. National Council on the Arts.*
- Sec. 206. Limitations on grants.*
- Sec. 207. Administrative provisions.*
- Sec. 208. Reports.*
- Sec. 209. Sanctions and payments.*
- Sec. 210. Awards.*

TITLE III—NATIONAL ENDOWMENT FOR THE HUMANITIES

- Sec. 301. Definitions.*
- Sec. 302. Establishment of the National Endowment for the Humanities.*
- Sec. 303. Application procedures.*
- Sec. 304. Review panels.*
- Sec. 305. National Council on the Humanities.*
- Sec. 306. Limitations on grants.*
- Sec. 307. Administrative provisions.*
- Sec. 308. Reports.*
- Sec. 309. Sanctions and payments.*
- Sec. 310. Awards.*

SEC. 2. PURPOSES.

The purposes of this Act are—

- (1)(A) to ensure that the arts and the humanities belong to all the people of the United States; and*
- (B) to support the arts and the humanities which are essential to social, cultural, and economic progress;*
- (2) to encourage and support national progress and scholarship in the arts and the humanities, because such encouragement and support, while primarily matters for private and local initiative, are also appropriate matters of concern for the Federal Government;*
- (3) to ensure that the United States, as an advanced civilization, does not limit its efforts to science and technology alone but give full value and support to the other great branches of scholarly and cultural activity in order to achieve a better understanding of the past, a better analysis of the present, and better view of the future;*
- (4) to further the advancement of the arts and the humanities and the access of all citizens of the United States to the arts and humanities, in partnership with local, State, regional, and private agencies, organizations, and individuals;*
- (5) in furthering the advancement and access described in paragraph (4), to be sensitive to the nature of public support and the need to use public funding in a manner that recognizes the responsibility of the Federal Government to the public good;*
- (6) to ensure that public funds provided by the Federal Government ultimately serve the public purposes the Congress defines and are subject to the conditions that traditionally govern the use of public money;*
- (7) to ensure that—*
 - (A) Federal support of the arts and the humanities reflects the high place accorded by the people of the United States to the Nation's cultural heritage; and*

(B) public funding of the arts and the humanities contributes to public support for and confidence in the use of taxpayer funds;

(8)(A) to support the practice of art and the study of the humanities, which require constant dedication and devotion; and

(B) while recognizing that no government can create a great artist or scholar, to help create and sustain not only a climate encouraging freedom to thought, imagination, and inquiry, but also the material conditions facilitating the release of creative talent;

(9)(A) to ensure that United States students receive in school, background and preparation in the arts and the humanities to enable the students to recognize and appreciate the aesthetic dimensions of their lives, the cultural heritage of the United States, and the full potential of artistic and scholarly expression; and

(B) to increase access to the arts and the humanities for all persons in the United States by—

(i) encouraging and developing quality education in the arts and the humanities at all levels, in conjunction with programs of lifelong learning in the arts and the humanities for all age groups and with formal systems of elementary, secondary, and postsecondary education; and

(i) encouraging and developing quality education in the arts and the humanities at all levels, in conjunction with programs of lifelong learning in the arts and the humanities for all age groups and with formal systems of elementary, secondary, and postsecondary education; and

(ii) encouraging and facilitating the work of scholars, artists, arts institutions, and Federal, State, regional, and local agencies in the area of education in the arts and the humanities.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) **ARTS.**—The term “arts” includes—

(A) dance, design, literature, media, music, theater, and visual arts;

(B) folk and traditional arts practiced by the diverse people of the United States; and

(C) the presentation, performance, execution, exhibition, preservation, and study of the arts described in subparagraph (A) or (B), including study of the arts through apprenticeships, internships, and other career oriented work-study experiences for artists and art teachers, and residencies for artists at all educational levels.

(2) **CULTURAL HERITAGE.**—The term “cultural heritage” means the living legacy of creations, skills, and knowledge handed down from prior generations—

(A) that embraces the traditional arts and ideas that are developed informally and that reflect the heritage, tradition, and history of American communities over the centuries; and

(B) that continues to evolve as new groups contribute to the American experience.

(3) *GRANT*.—The term “grant” includes a loan, a contract, and a cooperative agreement.

(4) *GROUP*.—The term “group” includes any State, regional, or local arts agency, and any nonprofit organization or institution in the United States, whether or not incorporated.

(5) *HUMANITIES*.—The term “humanities” includes—

(A) the study and interpretation of—

(i) language, both modern and classical, linguistics, literature, history, jurisprudence, philosophy, archaeology, comparative religion, and ethics;

(ii) the history, criticism, and theory of the arts;

(iii) folklore and folklife; and

(iv) the aspects of the social sciences that have humanistic content and employ humanistic methods; and

(B) the study and application of the humanities described in subparagraph (A) to the human environment with particular attention to—

(i) reflecting the heritage, traditions, and history of the United States; and

(ii) the relevance of the humanities described in subparagraph (A) to the conditions of national life.

(6) *PROGRAM INCOME*.—

(A) *IN GENERAL*.—The term “program income” means any money that is earned or received, by a recipient of a grant made under title II or III, from an activity supported by the funds made available through the grant or from a product resulting from or related to an activity carried out under the grant.

(B) *TYPES OF INCOME*.—The term includes—

(i) income from a fee for service performed, or from the sale of an item created, under the grant;

(ii) income from a licensing fee on a product related to an activity carried out under the grant;

(iii) a usage or rental fee for equipment or property acquired under the grant;

(iv) an admission fee for an activity carried out under the grant;

(v) income from a broadcast or distribution right for such an activity; and

(vi) a royalty on a patent or copyright for such an activity.

(7) *REGIONAL GROUP*.—The term “regional group” means any multistate group, whether or not representative of contiguous States.

(8) *STATE*.—The term “State” includes, in addition to the several States of the United States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the United States Virgin Islands.

(9) *UNDERSERVED COMMUNITIES*.—The term “underserved communities” means those communities that have historically been outside the purview of arts and humanities programs.

TITLE I—NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

SEC. 101. ESTABLISHMENT OF THE NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES.

(a) *ESTABLISHMENT.*—There is established a National Foundation on the Arts and the Humanities (referred to in this Act as the “Foundation”), which shall be composed of a National Endowment for the Arts, a National Endowment for the Humanities (each of which may be referred to in this section as an “Endowment”), and an Institute of Museum and Library Services.

(b) *PURPOSE.*—The purpose of the Foundation shall be to develop and promote a national policy of support for the arts and the humanities in the United States.

(c) *LIMITATION.*—In the administration of this Act no department, agency, officer, or employee of the United States shall exercise any direction, supervision, or control over the policy determination, personnel, or curriculum, or the administration or operation of any school or other non-Federal agency, institution, organization, or association.

(d) *DONATIONS, BEQUESTS, AND DEVICES.*—

(1) *IN GENERAL.*—In any case in which any money or other property is donated, bequeathed, or devised to the Foundation without designation of the Endowment for the benefit of which the money or property is intended, each Chairperson of an Endowment shall have authority to receive such money or property.

(2) *UNRESTRICTED DONATIONS, BEQUESTS, AND DEVICES.*—Except as provided in paragraph (3), unless the Chairpersons of the Endowments agree otherwise, the money or property shall be deemed to have been donated, bequeathed, or devised in equal shares to each Endowment.

(3) *RESTRICTED DONATIONS, BEQUESTS, AND DEVICES.*—In any case in which any money or property is donated, bequeathed, or devised to the Foundation with a condition or restriction, such money or property shall be deemed to have been donated, bequeathed, or devised to the Endowment whose function it is to carry out the purposes of the condition or restriction.

(e) *TAX LAWS.*—For the purposes of the income tax, gift tax, and estate tax laws of the United States, any money or other property donated, bequeathed, or devised to the Foundation or one of the Endowments and received by the Chairperson of an Endowment pursuant to this section, section 207, or section 307 shall be deemed to have been donated, bequeathed, or devised to or for the use of the United States.

SEC. 102. GENERAL LIMITATIONS ON GRANTS.

None of the grants awarded under this Act shall be used for the purposes of lobbying or for providing general membership services for groups.

SEC. 103. JOINT ADMINISTRATION.

(a) *INSPECTOR GENERAL.*—There shall be in the Foundation a single Office of the Inspector General for the National Endowment for the Arts and the National Endowment for the Humanities. The Office shall be headed by 1 Inspector General appointed in accordance

with the Inspector General Act of 1978 (5 U.S.C. App.). The Inspector General shall carry out the duties prescribed in such Act, including conducting appropriate reviews to ensure that recipients of grants under titles II and III comply with the applicable regulations and procedures established under this Act, including regulations relating to accounting and financial matters.

(b) *REPORTING.*—The Inspector General for the National Endowment for the Arts and the National Endowment for the Humanities shall report—

(1) to the Chairperson of the National Endowment for the Arts with respect to matters relating to the National Endowment for the Arts; and

(2) to the Chairperson of the National Endowment for the Humanities with respect to matters relating to the National Endowment for the Humanities.

(c) *OTHER FUNCTIONS.*—The Chairperson of the National Endowment for the Arts and Chairperson of the National Endowment for the Humanities shall ensure nonduplication of administrative functions, such as provision of facilities and space, records management, contracting, procurement, printing, and provision of mail and library services. The Chairpersons shall enter into a interagency agreement to jointly carry out the functions with the minimum necessary expense.

(d) *REPORT.*—Not later than 60 days after the date of enactment of the Arts, Humanities, and Museums Amendments of 1995, the Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities shall jointly prepare and submit to the appropriate committees of Congress a report containing a plan that describes the manner in which the Chairpersons will jointly carry out the functions described in subsection (c). Not later than 180 days after such date of enactment, the Chairpersons shall implement the plan.

SEC. 104. STUDY ON A TRUE ENDOWMENT.

(a) *IN GENERAL.*—The Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities, in consultation with persons with expertise in the arts, humanities, business, charitable giving, and copyright industries, and other appropriate Federal agencies, shall jointly conduct, or contract for, a study on the feasibility of establishing a true endowment for the National Endowment for the Arts and the National Endowment for the Humanities in order to provide supplemental funding to support the efforts of the National Endowment for the Arts and the National Endowment for the Humanities, respectively.

(b) *SCOPE OF THE STUDY.*—The study described in subsection (a) shall examine innovative methods through which a true endowment may be funded, including such methods as private fundraising, an extension of a copyright term, recapture of funds from past grants of the National Endowment for the Arts and the National Endowment for the Humanities that have proven profitable, or any other innovative methods the Chairpersons determine appropriate.

(c) *REPORT.*—No later than 1 year after the date on which funding is made available under the Act to conduct the study described in subsection (a), the Chairperson of the National Endowment for the Arts and the Chairperson for the National Endowment for the

Humanities shall jointly prepare and submit to the appropriate committees of Congress a report containing recommendations on the innovative methods through which the true endowment may be funded to support efforts described in subsection (a).

SEC. 105. AUTHORIZATION OF APPROPRIATIONS.

(a) NATIONAL ENDOWMENT FOR THE ARTS.—

(1) IN GENERAL.—

(A) TOTAL AUTHORIZATION.—There are authorized to be appropriated to carry out the activities of the National Endowment for the Arts under this Act \$153,900,000 for fiscal year 1996, \$145,205,000 for fiscal year 1997, \$138,895,000 for fiscal year 1998, \$131,950,000 for fiscal year 1999, and \$125,353,000 for fiscal year 2000.

(B) GENERAL RESERVATIONS.—There shall be reserved amounts sufficient to carry out subsection (c)(1).

(C) RESERVATION FOR PARTNERSHIP GRANTS.—40 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 202(c).

(D) RESERVATION FOR NATIONAL SIGNIFICANCE GRANTS.—40 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 202(d).

(E) RESERVATION FOR DIRECT GRANTS.—10 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 202(e).

(F) RESERVATION FOR ARTS EDUCATION AND UNDERSERVED COMMUNITIES GRANTS.—10 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 202(f).

(2) SUMS REMAINING AVAILABLE.—Sums appropriated pursuant to paragraph (1) for any fiscal year shall remain available for obligation until expended.

(b) NATIONAL ENDOWMENT FOR THE HUMANITIES.—

(1) IN GENERAL.—

(A) TOTAL AUTHORIZATION.—There are authorized to be appropriated to carry out the activities of the National Endowment for the Humanities under this Act \$160,117,000 for fiscal year 1996, \$152,111,000 for fiscal year 1997, \$144,505,000 for fiscal year 1998, \$137,260,000 for fiscal year 1999, and \$130,397,000 for fiscal year 2000.

(B) GENERAL RESERVATIONS.—There shall be reserved amounts sufficient to carry out subsection (c)(2).

(C) RESERVATION FOR PARTNERSHIP GRANTS.—30 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 302(c). Of the amount reserved under

this subparagraph, 5 percent of such amount shall be available for activities relating to elementary and secondary education in the humanities.

(D) *RESERVATION FOR NATIONAL GRANTS.*—35 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 302(d).

(E) *RESERVATION FOR RESEARCH AND SCHOLARSHIP GRANTS.*—35 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 302(e).

(2) *SUMS REMAINING AVAILABLE.*—Sums appropriated pursuant to paragraph (1) for any fiscal year shall remain available for obligation until expended.

(c) *ADMINISTRATION.*—

(1) *NATIONAL ENDOWMENT FOR THE ARTS.*—

(A) *IN GENERAL.*—Not more than 12 percent of the amount appropriated for a fiscal year under subsection (a)(1)(A) may be made available for the costs of administering title II, or any other program for which the Chairperson of the National Endowment for the Arts is responsible, of which—

(i) not more than \$100,000 shall be made available for the President's Committee on the Arts and the Humanities, none of which may be used to reimburse members of the Committee for travel and related expenses; and

(ii) not to exceed \$100,000 shall be made available for fiscal year 1996 from amounts received under section 207(a)(2) for official reception and representation expenses and not to exceed \$50,000 shall be made available for each subsequent fiscal year from such amounts for such expenses.

(B) *REDUCTIONS.*—In addition to the amount reserved in subparagraph (A), not more than 3 percent of the amount appropriated for a fiscal year under subsection (a)(1)(A) may be made available solely for the costs of carrying out the payment of—

(i) employee severance pay under section 5595 of title 5, United States Code, or employee severance pay under any other provision of law; and

(ii) employee buy out programs as authorized by law.

(2) *NATIONAL ENDOWMENT FOR THE HUMANITIES.*—Not more than 12 percent of the amount appropriated for a fiscal year under subsection (b)(1)(A) may be made available for the costs of administering title III, or any other program for which the Chairperson of the National Endowment for the Humanities is responsible, of which—

(A) not more than \$100,000 shall be made available for the President's Committee on the Arts and the Humanities, none of which may be used to reimburse members of the Committee for travel and related expenses; and

(B) not to exceed \$100,000 shall be made available for fiscal year 1996 from amounts received under section 307(a)(2) for official reception and representation expenses and not to exceed \$50,000 shall be made available for each subsequent fiscal year from such amounts for such expenses, except that this paragraph shall not apply to expenses associated with the award established under section 310(1).

TITLE II—NATIONAL ENDOWMENT FOR THE ARTS

SEC. 201. DEFINITIONS.

As used in this title:

(1) *DEVELOPING ARTS ORGANIZATION*.—The term “developing arts organization” means a local arts organization of high artistic promise that—

(A) serves as an important source of local arts programming in a community; and

(B) has the potential to broaden public access to the arts in rural and urban underserved communities.

(2) *FINAL JUDGMENT*.—The term “final judgment” means a judgment that is either—

(A) not reviewed by any other court that has authority to review such judgment; or

(B) is not reviewable by any other court.

(3) *LOCAL ARTS AGENCY*.—The term “local arts agency” means a community organization, or an agency of local government, that primarily provides financial support, services, or other programs for artists and arts organizations, for the benefit of the community as a whole.

(4) *OBSCENE; DETERMINED TO BE OBSCENE*.—

(A) *OBSCENE*.—The term “obscene” means, with respect to a project, production, or workshop that—

(i) the average person, applying contemporary community standards, would find that such project, production, or workshop, when taken as a whole, appeals to the prurient interest;

(ii) such project, production, or workshop depicts or describes sexual conduct in a patently offensive way; and

(iii) such project, production, or workshop, when taken as a whole, lacks serious literary, artistic, political or scientific value.

(B) *DETERMINED TO BE OBSCENE*.—The term “determined to be obscene” means determined, in a final judgment of a court of record and of competent jurisdiction in the United States, to be obscene.

(5) *PRODUCTION*.—The term “production” means any activity involving the execution or rendition of the arts and meeting such standards as may be approved by the Chairperson of the Endowment.

(6) *PROJECT*.—

(A) *IN GENERAL*.—The term “project” means a program organized to carry out the objectives of this Act, including a program to foster United States artistic creativity, to com-

mission a work of art, or to develop and enhance the widest public access, knowledge, and understanding of the arts, and includes, where appropriate, rental or purchase of a facility, rental or purchase of land, and acquisition of equipment.

(B) *RENOVATION OR CONSTRUCTION.*—Such term also includes—

(i) the renovation of a facility if—

(I) the amount of the expenditure of Federal funds for such purpose in the case of any facility does not exceed \$250,000; and

(II) two-thirds of the members of the National Council on the Arts (who are present and voting) recommend a grant involving an expenditure for such purpose; and

(ii) with respect to a grant under section 202(d), the construction of a facility, if—

(I) such construction is for demonstration purposes or under unusual circumstances in which there is no other manner by which to accomplish an artistic purpose; and

(II) two-thirds of the members of the National Council on the Arts (who are present and voting) recommend a grant involving an expenditure for such purpose.

(7) *WORKSHOP.*—The term “workshop” means a program the primary purpose of which is to encourage the artistic development or enjoyment of amateur, student, or other participants.

SEC. 202. ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE ARTS.

(a) *ESTABLISHMENT.*—There is established within the Foundation a National Endowment for the Arts (referred to in this title as the “Endowment”).

(b) *CHAIRPERSON.*—

(1) *APPOINTMENT.*—The Endowment shall be headed by a chairperson, to be known as the Chairperson of the Endowment (referred to in this title as the “Chairperson”), who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) *TERM.*—

(A) *IN GENERAL.*—The term of office of the Chairperson shall be 4 years, except that any Chairperson appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the Chairperson was appointed. Notwithstanding any other provision of this subparagraph, on the expiration of the term of office of the Chairperson, the Chairperson shall serve until the successor to the Chairperson is appointed and has qualified.

(B) *REAPPOINTMENT.*—The Chairperson shall be eligible for reappointment.

(c) *PARTNERSHIP GRANTS.*—

(1) *PURPOSES.*—The purpose of this subsection is to make grants to States and local and regional groups to establish local arts activities, with preference to arts education and projects that reach rural and urban underserved communities.

(2) *GRANTS TO STATES.*—

(A) *AUTHORITY.*—Using funds reserved under section 105(a)(1)(C), the Chairperson, acting on the recommendation of the National Council on the Arts, shall establish and carry out a program of basic State grants to assist States—

(i) (I) in supporting projects, productions, or workshops that meet the standard of artistic excellence and artistic merit and that fulfill the purposes of this Act; and

(II) in developing projects, productions, or workshops that will furnish programs, facilities, and services in the arts to people and communities in each of the States; and

(ii) in carrying out activities that—

(I) stimulate artistic activity and awareness, and broaden public access to the arts, in rural and urban underserved communities;

(II) enhance the artistic capabilities of developing arts organizations through artistic, programmatic, and staff development; or

(III) provide technical assistance to developing arts organizations to improve managerial and organizational skills, financial systems management, and long-range fiscal planning.

(B) *APPLICATION.*—In order to receive a grant under this paragraph for any fiscal year, a State shall submit an application described in section 203 for such grant at such time and in such manner as shall be specified by the Chairperson and accompany such application with a State plan that the Chairperson finds—

(i) designates or provides for the establishment of a State agency (referred to in this section as the ‘State agency’) as the sole agency for the administration of the State plan;

(ii) provides that funds paid to the State under this paragraph will be expended solely on projects, productions, or workshops described in subparagraph (A) and approved by the State agency;

(iii) provides that the State agency will make such reports, in such manner and containing such information, as the Chairperson may from time to time require, including a description of the progress made toward achieving the objectives of the State plan;

(iv) provides—

(I) an assurance that the State agency has held, after reasonable notice, public meetings in the State to allow groups of artists, interested groups, and the public to present views and make recommendations regarding the State plan; and

(II) a summary of such recommendations and the response of the State agency to such recommendations; and

(v) contains—

(I) for the most recent preceding year for which information is available, a description of the level of participation by artists, artists' organizations, and arts groups in projects, productions, or workshops supported by funding from the State agency under this paragraph, and a description of the extent to which projects, productions, or workshops supported by funding from the State agency under this paragraph were available to all people and communities in the State, especially underserved communities; and

(II) a description of projects, productions, or workshops supported by funding from the State agency under this paragraph that exist or are being developed to secure wider participation of artists, artists' organizations, and arts organizations described in subclause (I) or that address the availability of the arts to all people or communities described in subclause (I).

(C) APPROVAL.—The Chairperson may not approve an application described in subparagraph (B) unless the accompanying State plan satisfies the requirements specified in subparagraph (B).

(D) ALLOTMENTS.—

(i) IN GENERAL.—Of the sums available to carry out this paragraph for any fiscal year, each State that has an application approved by the Chairperson shall be allotted at least \$200,000.

(ii) INSUFFICIENT FUNDS.—If the sums available to carry out this paragraph for any fiscal year are insufficient to make the allotments under clause (i) in full, such sums shall be allotted so that each such State receives an equal amount.

(iii) EXCESS FUNDS.—In any case in which the sums available to carry out this paragraph for any fiscal year are in excess of the amount required to make the allotments under clause (i)—

(I) the amount of such excess that is not greater than 25 percent of the sums available to carry out this paragraph for such fiscal year shall be available to the Chairperson for making grants under this paragraph to States and, in accordance with subparagraph (H), regional groups; and

(II) the amount of such excess for such fiscal year, if any, that remains after reserving in full for the Chairperson the amount required under subclause (I) shall be allotted so that each State that has an application approved by the Chair receives an equal amount; but in no event shall any State be allotted less than \$200,000 under this paragraph.

(E) FEDERAL SHARE.—

(i) IN GENERAL.—Funding provided through a grant made under this paragraph to a State for any fiscal

year shall be available to each State that has an application approved by the Chairperson, and has the State plan accompanying the application in effect on the first day of such fiscal year, to pay not more than 50 percent of the total cost of carrying out any activity described in subparagraph (A).

(ii) *EXCESS PORTION.*—Except as provided in clause (iii), the portion of the funding provided through any grant made under subparagraph (D)(i) to a State for any fiscal year that exceeds \$125,000 shall be available, at the discretion of the Chairperson, to pay not more than 100 percent of such cost of carrying out an activity under this paragraph if such activity would be unavailable to the residents of the State without such portion.

(iii) *PERCENTAGE OF GRANT FUNDS.*—The portion of the funding described in clause (ii) for any fiscal year that is available to pay not more than 100 percent of such cost, as described in clause (ii), shall not exceed 20 percent of the total funding provided through such grant for such fiscal year.

(F) *PROHIBITION ON SUPPLANTING NON-FEDERAL FUNDS.*—Funds made available under this paragraph shall be used to supplement, and shall not supplant, non-Federal funds expended for supporting activities described in subparagraph (A).

(G) *UNOBLIGATED FUNDS.*—Any amount allotted to a State under subparagraph (D)(i) for any fiscal year that is not obligated by the State earlier than 60 days prior to the end of the fiscal year for which the amount is appropriated shall be available for making grants to regional groups.

(H) *SPECIAL RULE.*—The provisions of this paragraph (other than subparagraph (D)) shall apply to regional groups receiving grants under this paragraph in such manner, and to such extent, as the Chairperson shall by regulation prescribe.

(I) *DEFINITION.*—As used in subparagraph (D)(iii)(II) and notwithstanding section 3(8), the term “State” includes, in addition to the several States of the United States, only the jurisdictions specified in such section that have a population of 200,000 or more, according to the latest decennial census.

(d) *NATIONAL SIGNIFICANCE GRANTS.*—

(1) *PURPOSE.*—The purpose of this subsection is to make grants to groups, including regional groups, of demonstrated and substantial artistic and cultural importance, for projects, productions, and workshops that will increase the access of all the people of the United States, especially underserved communities, to the best of the arts and culture of the United States.

(2) *IN GENERAL.*—Using funds reserved under section 105(a)(1)(D), the Chairperson, acting on the recommendation of the National Council on the Arts, may establish and carry out a program of grants to groups who meet the standard of artistic excellence and artistic merit and who are engaged in or con-

cerned with the arts, for the purpose of paying for the Federal share of the cost of—

(A) enabling the groups to provide or support projects, productions, or workshops described in paragraph (3) that will have a national, regional, or otherwise substantial artistic or cultural impact; or

(B) providing administrative and management improvements for the groups, particularly in the field of long-range financial planning, including increasing levels of community support and the range of contributors to the programs of such groups.

(3) *PROJECTS, PRODUCTIONS, AND WORKSHOPS.*—

(A) *REQUIRED ELEMENTS.*—Each such project, production, or workshop shall—

(i) have substantial national or regional cultural significance, and encourage professional excellence; or

(ii) (I) have significant merit; and

(II) be a project, production, or workshop that, if such a group did not receive a grant, might otherwise be unavailable to citizens for geographic or economic reasons.

(B) *PERMISSIBLE ELEMENTS.*—Each such project, production, or workshop may—

(i) encourage access to, education in, and knowledge, understanding, enjoyment, and appreciation of, the arts of the public;

(ii) enhance managerial and organizational skills and capabilities;

(iii) use technology to broaden public access to the arts;

(iv) expand access to the arts for individuals with disabilities; or

(v) promote access to the arts for minority or underserved populations.

(4) *FEDERAL SHARE REQUIREMENT.*—

(A) *IN GENERAL.*—Except as provided in subparagraphs (B) and (C), in the case of any grant made under this subsection, the Federal share described in paragraph (2) shall be 25 percent.

(B) *CERTAIN GROUPS.*—In the case of any grant made under this subsection to a group with an annual budget in excess of \$3,000,000, the Federal share described in paragraph (2) shall be 16.67 percent.

(C) *ADJUSTMENTS.*—The Chairperson may increase the Federal share applicable under this subsection for a designated grant recipient, with review by the National Council on the Arts. The Chairperson shall not increase the Federal share above 50 percent for the recipient. Not more than 10 percent of the funds made available by the Endowment for grants under this subsection for any fiscal year may be available for grants for the fiscal year for which the chairperson increases the applicable Federal share.

(5) *PRIORITY.*—In awarding grants under this subsection, the Chairperson shall give priority to projects, productions, and

workshops that increase the access of the public of the United States, especially underserved communities, to culture and the arts, including access by touring, by regional or national dissemination, or by geographic dispersion.

(e) DIRECT GRANTS.—

(1) PURPOSE.—The purpose of this subsection is to make grants to groups, and individuals, that are broadly representative of the cultural heritage of the United States and broadly geographically representative, for projects, productions, and workshops of the highest artistic excellence and artistic merit.

(2) IN GENERAL.—Using funds reserved under section 105(a)(1)(E), the Chairperson, acting on the recommendation of the National Council on the Arts, may establish and carry out a program of grants to groups, or individuals who meet the standard of artistic excellence and artistic merit and who are engaged in or concerned with the arts, to pay for the Federal share of the cost of projects, productions, or workshops that meet the standard of artistic excellence and artistic merit and that fulfill the purposes of this Act.

(3) FEDERAL SHARE REQUIREMENT.—The Federal share described in paragraph (2) shall be 50 percent.

(4) PRIORITY.—In awarding grants under this subsection, the Chairperson shall give priority to projects, productions, and workshops that will be disseminated widely after completion.

(5) ADJUSTMENTS.—The Chairperson may increase the Federal share applicable under this subsection for a designated grant recipient, with review by the National Council on the Arts. Not more than 20 percent of the funds made available by the Endowment for grants under this subsection for any fiscal year may be available for grants for the fiscal year for which the Chairperson increases the applicable Federal share.

(6) SPECIAL RULE FOR GRANTS TO INDIVIDUALS.—The Chairperson shall only award a grant in accordance with this section to an individual described in paragraph (2) if such grant is awarded to such individual for a literature fellowship.

(f) ARTS EDUCATION AND UNDERSERVED COMMUNITIES GRANTS.—

(1) IN GENERAL.—Using the funds reserved under section 105(d)(1)(F), the Chairperson acting on the recommendation of the National Council on the Arts, may establish and carry out a program of grants to State arts agencies, or other local or regional group, to pay for the Federal share of the cost of carrying out activities that—

(A) promote and improve the availability of arts instruction, and improve the quality of arts education, through support of lifelong learning in the arts;

(B) enhance the quality of arts instruction in programs of teacher education;

(C) develop arts faculty resources and talents;

(D) support and encourage the development of improved curriculum materials in the arts;

(E) support apprenticeships internships, and other career oriented work-study experiences for artists and arts teachers, and encourage residencies of artists at all educational levels;

(F) stimulate artistic activity and awareness, and broaden public access to the arts, in underserved communities;

(G) enhance the artistic capabilities of developing arts organizations in underserved communities through artistic, programmatic, and staff development; or

(H) provide technical assistance to developing arts organizations in underserved communities to improve managerial and organizational skills, financial systems management, and long-range fiscal planning.

(2) *APPLICATION.*—In order to receive a grant under this paragraph for any fiscal year, a State arts agency, or regional or local group shall submit an application described in section 203 for such grant at such time, in such manner, and accompanied by such information, as shall be specified by the Chairperson.

(3) *FEDERAL SHARE.*—The Federal share described in paragraph (1) shall be 50 percent.

SEC. 203. APPLICATION PROCEDURES.

(a) *APPLICATION REQUIREMENT.*—No grant shall be made under this title to any person unless the person submits an application to the Chairperson in accordance with regulations and procedures established by the Chairperson.

(b) *PROCEDURES.*—

(1) *IN GENERAL.*—

(A) *CONSIDERATIONS.*—In establishing such regulations and procedures for applications, the Chairperson shall ensure that—

(i) artistic excellence and artistic merit of the projects, productions, and workshops described in the application are the criteria by which the applications are judged by advisory panels described in section 204, taking into consideration general standards of decency and respect for the diverse beliefs and values of the public of the United States.

(ii) in selecting groups as recipients of grants under section 202, the Chairperson shall give preference to artistically rural and urban underserved communities and artists and artistic groups that have traditionally been underrepresented; and

(iii) the projects, productions, and workshops described in the applications, and awards of grants under this title, are consistent with the objectives of section 202 and this section.

(B) *OBSCENITY PROVISIONS.*—Such regulations and procedures shall clearly indicate that obscenity is without artistic merit, is not protected speech, and shall not be funded under this title. Projects, productions, and workshops that are determined to be obscene shall be prohibited from receiving grants under this title from the Endowment.

(2) *CONSIDERATIONS FOR THE CHAIRPERSON.*—In considering an application for a grant under this title, the Chairperson shall consider the extent to which the projects, productions, and workshops described in the application fulfill the purposes of

this Act, as well as their artistic excellence and artistic merit, as determined by the Chairperson.

(3) CONSTRUCTION.—The disapproval or approval by the Chairperson of an application for a grant under this title shall not be construed to mean, and shall not be considered to be evidence that, the project, production, or workshop, for which the applicant requested a grant, is or is not obscene.

SEC. 204. ADVISORY PANELS.

(a) IN GENERAL.—The Chairperson shall utilize review by advisory panels—

(1) as the first step in the review of applications submitted under this Act; and

(2) to make recommendations to the National Council on the Arts in all cases involving requests for grants authorized under this title, except cases in which the Chairperson exercises authority delegated under section 205(f)(2).

(b) PROCEDURES.—

(1) CRITERIA.—In reviewing the applications, such panels shall recommend applications for projects, productions, and workshops on the basis of artistic excellence and artistic merit, consistent with section 203(b)(1)(A)(i).

(2) AMOUNTS.—The panels may recommend only general ranges of funding to be provided through the grants and may not recommend specific amounts of such funding.

(3) REGULATIONS AND PROCEDURES.—The Chairperson shall issue regulations and establish procedures to—

(A) ensure that all the panels are composed, to the extent practicable, of individuals providing a wide geographic, ethnic, and minority representation as well as individuals reflecting diverse artistic and cultural points of view;

(B) ensure that all the panels include at least 2 members representing lay individuals who are—

(i) knowledgeable about the arts;

(ii) not engaged in the arts as a profession; and

(iii) not employees of either artists' organizations or arts organizations;

(C) ensure that, when feasible, the procedures used by the panels to carry out their responsibilities are standardized;

(D) require each such panel—

(i) to create written records summarizing—

(I) all meetings and discussions of such panel; and

(II) the recommendations made by such panel to the Council; and

(ii) to make such records available to the public in a manner that protects the privacy of individual applicants and panel members;

(E) permit, when necessary and feasible, a site visit to view the work of an applicant and deliver a written report on the work being reviewed, in order to assist panelists in making their recommendations;

(F)(i) require that the membership of each such panel change substantially from year to year; and

(ii) provide that no individual be eligible to serve on such a panel for more than 5 years, no 2 of which may be consecutive; and

(G) ensure that the panels recommend more applicants for grants than are anticipated can be provided funding through the grants with available funds.

(4) PROHIBITION ON CONFLICTS OF INTEREST.—

(A) IN GENERAL.—In making appointments to the panels, the Chairperson shall ensure that an individual who has a pending application for a grant authorized under this title, or who is an employee or agent of an organization with such a pending application, or who has a direct or indirect financial interest in any application under consideration by such a panel, does not serve as a member of any panel before which such application is pending.

(B) DURATION.—The prohibition described in subparagraph (A) shall commence with respect to such individual beginning on the date such application is submitted, and shall continue until a final decision on the application has been reached by the Chairperson.

SEC. 205. NATIONAL COUNCIL ON THE ARTS.

(a) ESTABLISHMENT.—There is established within the Endowment a National Council on the Arts (referred to in this section as the “Council”).

(b) COMPOSITION.—

(1) IN GENERAL.—The Council shall be composed of the Chairperson of the Endowment, who shall be the Chairperson of the Council, and 20 other members appointed by the President, by and with the advice and consent of the Senate, who shall be selected—

(A) from among private citizens of the United States who—

(i) are widely recognized for their broad knowledge of, or expertise in, the arts; and

(ii) have established records of distinguished service, or achieved eminence, in the arts;

(B) so as to include practicing artists, civic cultural leaders, members of cultural professions, and others who are professionally engaged in the arts; and

(C) so as collectively to provide an appropriate distribution of members among the major art fields.

(2) QUALIFICATIONS.—The President may, in making such appointments, give consideration to such recommendations as may, from time to time, be submitted to the President by leading national organizations in the major art fields. In making such appointments, the President shall give due regard to equitable representation of women, racially and ethnically diverse individuals, and individuals with disabilities, who are involved in the arts. Members of the Council shall be appointed so as to represent equitably geographical areas in the United States.

(c) TERMS.—

(1) IN GENERAL.—

(A) *STAGGERED TERMS.*—Each member of the Council shall serve for a term of 6 years, and the terms shall be staggered.

(B) *EXPIRATION.*—Except as provided in paragraph (2), the terms of all Council members shall expire on the third day of September in the year of expiration.

(C) *REAPPOINTMENT AFTER PARTIAL TERM.*—Each member who has served on the Council for 1 term of less than 3 years shall be eligible for reappointment for 1 year term of 6 years.

(D) *VACANCY APPOINTMENT.*—Any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed.

(E) *HOLDOVER SERVICE.*—Notwithstanding any other provision of this subsection, a member of the Council shall serve after the expiration of the term of the member until the successor to the member takes office.

(2) *ADJUSTMENT TO REDUCE COUNCIL.*—

(A) *EXPIRATION OF TERMS.*—The terms of 10 members of the Council whose terms would otherwise expire on September 3, 1996 shall be deemed to expire on January 1, 1996.

(B) *TERMS.*—The President shall appoint 4 members of the Council to succeed members whose terms are deemed to expire as described in subparagraph (A). The terms of the successors shall expire on September 3, 2002.

(d) *COMPENSATION.*—Members of the Council shall receive compensation at a rate to be fixed by the Chairperson but not to exceed the daily equivalent of the maximum rate authorized for a position above grade GS-15 of the General Schedule under section 5108 of title 5, United States Code, and be allowed travel expenses including per diem in lieu of subsistence, in the same amounts and to the same extent, as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

(e) *MEETINGS AND DUTIES.*—

(1) *MEETINGS.*—The Council shall meet at the call of the Chairperson but not less often than twice during each calendar year. Eleven members of the Council shall constitute a quorum. All policy meetings of the Council shall be open to the public.

(2) *DUTIES.*—The Council shall—

(A) advise the Chairperson with respect to policies, programs, and procedures for carrying out the functions of the Chairperson under this title;

(B) review applications for grants authorized under this title and make recommendations to the Chairperson with respect to—

(i) whether to approve particular applications for grants authorized under this title that have been determined by advisory panels to have artistic excellence and artistic merit; and

(ii) the amount of funding that the Chairperson should provide through such a grant with respect to each such application the Council recommends approval;

(C) use as criteria for the recommendations of the Council—

(i) the extent to which the works described in the applications fulfill the purposes of this Act;

(ii) the artistic excellence and artistic merit of the works described in the applications as determined by each council member; and

(iii) the extent to which the applicant serves an underserved community.

(D) recommend more applications for funding through grants than are anticipated can be provided funding through the grants with available funds;

(E) create written records summarizing—

(i) all meetings and discussions of the Council; and

(ii) recommendations made by the Council to the Chairperson; and

(F) make such records available to the public in a manner that protects the privacy of individual applicants for grants authorized under this title, advisory panel members, and Council members.

(f) ACTIONS BY CHAIRPERSON.—

(1) IN GENERAL.—The Chairperson shall not approve or disapprove any application for a grant authorized under this title until the Chairperson has received the recommendation of the Council on such application. The Chairperson shall have final authority to approve each such application, and shall determine the final amount of funding through any grant awarded. The Chairperson may not approve an application with respect to which the Council makes a negative recommendation.

(2) DELEGATIONS.—In the case of an application, or amendment of an application, submitted under this title and involving \$35,000 or less, or a request for change in a grant amount of 20 percent or less, the Chairperson may approve or disapprove such application, amendment, or request, if such action is taken pursuant to the terms of an express and direct delegation of authority from the Council to the Chairperson, and if each such action by the Chairperson is reported to the Council at the regularly scheduled meeting of the Council. Such action by the Chairperson shall be used with discretion and shall not become a normal practice of providing funding through a grant authorized under this title. The terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year that exceed an amount equal to 2 percent of the sums appropriated for the fiscal year pursuant to section 105(a)(1).

SEC. 206. LIMITATIONS ON GRANTS.

(a) PROHIBITION ON SUBGRANTS.—The Chairperson shall establish procedures to ensure that no funding provided through a grant under this title, except a grant made to a State or regional group, may be used to make a grant to any other organization or individual to conduct activity independent of the direct grant recipient. Nothing in this subsection shall prohibit payments made in exchange for goods or services rendered.

(b) *PROHIBITION ON SEASONAL SUPPORT.*—No grant awarded under this title shall be used for seasonal support to a group.

(c) *USE OF FUNDS FOR PROJECTS, PRODUCTIONS, AND WORKSHOPS IN SPECIFIED DISCIPLINES.*—Each project, production, or workshop funded under this title shall relate to arts, as defined in section 3.

(d) *LABOR STANDARDS.*—

(1) *IN GENERAL.*—It shall be a condition of the receipt of any grant under this title that the grant recipient furnish adequate assurances to the Secretary of Labor that—

(A) all professional performers and related or supporting professional personnel employed on projects or productions, or in workshops, that are financed in whole or in part under this title will be paid, without subsequent deduction or rebate on any account, not less than the minimum compensation as determined by the Secretary of Labor to be the prevailing minimum compensation for persons employed in similar activities; and

(B) no part of any project, production, or workshop that is financed in whole or in part under this title will be performed or engaged in under working conditions that are unsanitary or hazardous or dangerous to the health and safety of the employees engaged in such project, production, or workshop.

(2) *EVIDENCE.*—Compliance with the safety and sanitary laws of the State in which the project, production, or workshop described in paragraph (1)(B) is to take place shall be prima facie evidence of compliance with the assurance described in paragraph (1)(B).

(3) *STANDARDS, REGULATIONS, AND PROCEDURES.*—The Secretary of Labor shall have the authority to prescribe such standards, regulations, and procedures as the Secretary of Labor may determine to be necessary or appropriate to carry out this subsection.

(e) *LIMITATION ON GRANT AWARD.*—

(1) *INDIVIDUALS.*—No individual may receive more than 2 grant awards under this title.

(2) *AGENCIES AND ORGANIZATIONS.*—No group, other than a State arts agency, may receive more than 3 grant awards in a fiscal year under this title, except that this paragraph shall not apply to a group that has entered into a cooperative agreement with the Endowment to receive assistance under this title.

(f) *REQUIREMENTS FOR GROUPS.*—A group shall be eligible for a grant under this title if—

(1) no part of the net earnings of the group inures to the benefit of any private stockholder, or individual; and

(2) a donation to such group is allowable as a charitable contribution under section 170(c) of the Internal Revenue Code of 1986.

(g) *CITIZENSHIP REQUIREMENTS FOR INDIVIDUALS.*—An individual shall be eligible to receive a direct grant under this title if at the time such grant is received such individual—

(1) is a citizen or other national of the United States; or

(2) is an alien lawfully admitted to the United States for permanent residence who—

(A) has filed an application for naturalization in the manner prescribed by section 334 of the Immigration and Nationality Act (8 U.S.C. 1445); and

(B) is not permanently ineligible to become a citizen of the United States.

(h) *INSTALLMENTS.*—The Chairperson shall establish procedures to provide for the distribution of funding provided through grants made under this title to recipients in installments except in exceptional cases in which the Chairperson determines that installments are not practicable. In providing any such installments to a recipient of a grant under this title, the Chairperson shall ensure that—

(1) not more than two-thirds of such funding may be provided at the time the application for the grant is approved; and

(2) the remainder of such funding may not be provided until the Chairperson finds that the recipient of such grant is complying substantially with this Act and with the conditions under which such funding is provided to such recipient.

(i) *LOANS.*—Any loan made by the Chairperson under this title shall be made in accordance with terms and conditions approved by the Secretary of the Treasury.

SEC. 207. ADMINISTRATIVE PROVISIONS.

(a) *AUTHORITIES OF CHAIRPERSON.*—In addition to any authorities vested in the Chairperson by other provisions of this Act, the Chairperson, in carrying out the functions of the Chairperson, shall have authority—

(1) to prescribe such regulations and procedures as the Chairperson determines to be necessary governing the manner in which the functions of the Chairperson shall be carried out;

(2)(A) to solicit, accept, receive, invest, and use money and other property donated, bequeathed, or devised to the Endowment, either absolutely or in trust, with or without a condition or restriction, including a condition that the Chairperson use other funds of the Endowment for the purposes of the donation, bequest, or devise; and

(B) to sell or otherwise dispose of such property, for purposes of carrying out the activities of the Endowment under this title;

(3) to appoint and determine the compensation of such employees, subject to title 5, United States Code, as may be necessary to carry out the functions of the Chairperson, define their duties, and supervise and direct their activities;

(4) to procure the temporary and intermittent services of experts and consultants, including panels of experts, and compensate the experts and consultants in accordance with section 3109 of title 5, United States Code;

(5) to accept and utilize the voluntary services of individuals and reimburse the individuals for travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service;

(6) to make advance, progress, and other payments without regard to section 3324 of title 31, United States Code;

(7) to rent office space in the District of Columbia; and

(8) to make other necessary expenditures.

(b) *PUBLICATIONS.*—Official publications of the Endowment under this title may be supported without regard to the provisions of section 501 of title 44, United States Code, if the Chairperson consults with the Joint Committee on Printing of the Congress.

(c) *COORDINATION.*—The Chairperson shall coordinate the programs of the Endowment, insofar as practicable, with other Federal programs and programs undertaken by other public agencies or private groups, and shall develop the programs of the Endowment with due regard to the contribution to the objectives of this title that can be made by other Federal agencies under the existing programs. The Chairperson may enter into interagency agreements to promote or assist with the arts-related activities of other Federal agencies, on a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated to carry out this title to pay for the costs of such promotion or assistance.

SEC. 208. REPORTS.

(a) *ANNUAL REPORT OF CHAIRPERSON.*—The Chairperson shall submit an annual report to the President for submission to the appropriate committees of Congress on or before the 15th day of April each year. The report shall summarize the activities of the Endowment for the preceding year, and shall include such recommendations as the Chairperson determines to be appropriate.

(b) *FINANCIAL REPORTS AND COMPLIANCE.*—

(1) *IN GENERAL.*—It shall be a condition of the receipt of a grant made under this title by the Chairperson that—

(A) each applicant for such grant include in the application described in section 203—

(i) a detailed description of the proposed project, production, or workshop for which the grant is requested;

(ii) a timetable for the completion of such proposed project, production, or workshop; and

(iii) an assurance that the applicant will meet the standards of artistic excellence and artistic merit;

(B)(i) each grant recipient under this title carry out the proposal consistent with the description contained in the application, as approved by the Chairperson for funding through the grant; and

(ii) each such grant recipient seeking to change the activities carried out under the grant justify the requested change by a written request subject to approval by the Chairperson; and

(C) each such grant recipient agree to and comply with requirements to submit to the Chairperson—

(i) interim reports, including an annual report for each project, production, or workshop carried out under the grant during a period exceeding 1 year, describing the progress of the grant recipient in carrying out such project, production, or workshop and compliance by the grant recipient with the conditions of receipt of such grant;

(ii) financial reports containing such information as the Chairperson determines to be necessary to ensure that the funding made available through the grant is

expended in accordance with the terms and conditions under which the grant is made;

(iii) a final report describing the project, production, or workshop carried out with the funding provided through the grant and the compliance by the grant recipient with the conditions of receipt of such grant, including the condition that the work assisted meet the standards of artistic excellence and artistic merit; and

(iv) in the case of a project or production, and if practicable, as determined by the Chairperson, a copy of such project or production.

(2) REPORT REQUIREMENTS.—The Chairperson shall determine the appropriate form and timing of interim reporting described in paragraph (1)(C)(i) for a grant recipient under this title. The reports and copy described in clauses (ii), (iii), and (iv) of paragraph (1)(C) shall be due not later than 90 days after the end of the period for which such grant recipient receives funding through the grant or 90 days after the completion of the project, production, or workshop, whichever occurs earlier. The Chairperson may extend the 90-day period if the recipient shows good cause why such an extension should be granted.

(c) EVALUATION.—The Chairperson shall conduct a post-award evaluation of activities for which grants are made by the Chairperson under this title. Such evaluation may include an audit to determine the accuracy of the reports required to be submitted by grant recipients under subsection (b).

(d) REPORTS.—The Chairperson shall establish procedures to require that no additional funding shall be provided to a recipient of a grant authorized under this title unless such recipient has submitted to the Chairperson all required interim, financial, and final reports under subsection (b).

SEC. 209. SANCTIONS AND PAYMENTS.

(a) FAILURE TO SATISFY PURPOSES.—If any recipient of a grant made under this title, or an indirect recipient of funding provided through the grant, substantially fails to satisfy the purposes for which such grant is made, as determined by the Chairperson, the Chairperson may—

(1) for purposes of determining whether to make an subsequent funding to the direct or indirect recipient under this title, take into consideration the results of the post-award evaluation conducted under section 208(c);

(2) prohibit the direct and indirect recipients from using the name of, or in any way associating the project, production, or workshop for which the grant was received with, the Endowment; and

(3) if such project, production, or workshop is published, require that the publication contain the following statement: “The opinions, findings, conclusions, and recommendations expressed in this publication do not reflect the views of the National Endowment for the Arts.”.

(b) NONCOMPLIANCE.—

(1) IN GENERAL.—The Chairperson shall take the actions described in paragraph (2) whenever the Chairperson, after provid-

ing reasonable notice and an opportunity for hearing, finds that—

(A) a direct recipient of a grant under the title, or an indirect recipient of funding provided through the grant, is not complying substantially with the provisions of this title;

(B) a State agency or regional group that received a grant under this title, or an indirect recipient of funding provided through the grant, is not complying substantially with terms and conditions of the State plan accompanying the application approved for the grant under this title; or

(C) any funding provided under this title to a recipient, State agency, or regional group described in subparagraph (A) or (B) has been diverted from the purposes for which such funding was provided.

(2) ACTIONS.—On making the finding described in paragraph (1), the Chairperson shall immediately notify the direct recipient, State agency, or regional group that received the funding at issue that—

(A) no further funding will be provided under this title to such recipient, agency, or group until there is no longer any default or failure to comply or the diversion is corrected; or

(B) if compliance or correction is impossible, until such recipient, agency, or group repays or arranges the repayment of the Federal funds that were improperly diverted or expended.

(c) OBSCENE WORKS.—

(1) DETERMINATION.—If, after providing reasonable notice and opportunity for a hearing on the record, the Chairperson determines that a direct recipient of a grant under this title, or an indirect recipient of funding provided through the grant, used the funding for a project, production, or workshop that is determined to be obscene, the Chairperson shall require that until the direct recipient repays such funding (in such amount, and under such terms and conditions, as the Chairperson determines to be appropriate) to the Endowment, no subsequent funding shall be provided under this title to such recipient.

(2) CREDITING.—Funds repaid under this subsection to the Endowment shall be deposited in the Treasury of the United States and credited as miscellaneous receipts.

(3) APPLICATION.—

(A) TIMING.—This subsection shall not apply with respect to grants made before October 1, 1990.

(B) DURATION.—This subsection shall not apply with respect to a project, production, or workshop after the expiration of the 7-year period beginning on the latest date on which a grant is made under this title for such project, production, or workshop.

(d) RECAPTURE.—

(1) IN GENERAL.—A recipient of funding under this title shall pay the amount described in paragraph (2) to the Endowment if the Chairperson finds that the recipient has derived net program income in excess of the match required under the terms

of the agreement from a commercially successful project, production, or workshop funded that exceeds the lesser of—

(A) \$50,000; or

(B) twice the amount of the funding.

(2) *AMOUNT.*—At the discretion of the Chairperson, the amount referred to in paragraph (1) is not less than $\frac{1}{3}$ and not more than $\frac{1}{2}$ of the amount of the net program income generated within 5 years after the end of the grant period, but not more than the amount of the funding, unless the Chairperson has reached an agreement with the grantee upon award of a grant that the amount referred to in paragraph (1) shall exceed the amount of the grant.

(e) *ACCOUNT.*—Except as otherwise provided in this Act, the Treasurer of the United States shall deposit funds paid under subsection (d), or repaid under this Act, in a special interest bearing account to the credit of the Endowment.

SEC. 210. AWARDS.

(a) *NATIONAL MEDAL OF ARTS.*—

(1) *ESTABLISHMENT.*—There is established a National Medal of Arts, which shall be a medal of such design as is determined to be appropriate by the President, on the basis of recommendations submitted by the National Council on the Arts, and which shall be awarded as provided in this subsection.

(2) *AWARDS.*—The President shall from time to time award the National Medal of Arts, on the basis of recommendations from the National Council on the Arts, to individuals or groups who in the judgment of the President are deserving of special recognition by reason of their outstanding contributions to the excellence, growth, support, and availability of the arts in the United States.

(3) *NUMBER OF MEDALS.*—Not more than 12 of such medals may be awarded in any calendar year.

(4) *QUALIFICATIONS.*—An individual may be awarded the National Medal of Arts if at the time such award is made such individual meets the requirements of section 206(g).

(5) *GROUPS.*—A group may be awarded the National Medal of Arts if such group is organized or incorporated in the United States.

(6) *CEREMONIES.*—The presentation of the National Medal of Arts shall be made by the President with such ceremonies as the President may determine to be appropriate, including attendance by appropriate Members of Congress.

(b) *AWARD FOR DISTINGUISHED LIFETIME SERVICE FOR THE ARTS.*—

(1) *ESTABLISHMENT.*—There is established an Award for Distinguished Lifetime Service for the Arts.

(2) *CEREMONIES.*—The Chairperson shall present the award described in paragraph (1) to each of the former Chairpersons of the Endowment in conjunction with such ceremonies as the Director may determine to be appropriate to celebrate the 30th anniversary of the establishment of the Endowment.

(3) *EFFECTIVE DATE.*—Paragraphs (1) and (2) shall be effective during the period beginning on the date of enactment of this section and ending on March 31, 1996.

(c) *FUNDS.*—The Chairperson shall use amounts received by the National Endowment for the Arts under section 207(a)(2) to carry out this section.

TITLE III—NATIONAL ENDOWMENT FOR THE HUMANITIES

SEC. 301. DEFINITIONS.

As used in this title:

(1) *PROJECT.*—

(A) *IN GENERAL.*—The term “project” means an activity organized to carry out the objectives of this title.

(B) *RENOVATION OR CONSTRUCTION.*—Such term also includes—

(i) the renovation of a facility if—

(I) the amount of the expenditure of Federal funds for such purpose in the case of any facility does not exceed \$25,000; and

(II) two-thirds of the members of the National Council on the Humanities (who are present and voting) recommend a grant involving an expenditure for such purpose; and

(ii) for purposes of section 302(d), the construction of a facility if—

(I) such construction is for demonstration purposes or under unusual circumstances in which there is no other manner by which to accomplish a humanistic purpose; and

(II) two-thirds of the members of the National Council on the Humanities (who are present and voting) approve of a grant involving an expenditure for such purpose.

(2) *WORKSHOP.*—The term “workshop” means an activity the primary purpose of which is to promote scholarship and teaching among the participants.

SEC. 302. ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE HUMANITIES.

(a) *ESTABLISHMENT.*—There is established within the Foundation a National Endowment for the Humanities (referred to in this title as the “Endowment”).

(b) *CHAIRPERSON.*—

(1) *APPOINTMENT.*—The Endowment shall be headed by a chairperson, to be known as the Chairperson of the Endowment (referred to in this title as the “Chairperson”), who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) *TERM.*—

(A) *IN GENERAL.*—The term of office of the Chairperson shall be 4 years, except that any Chairperson appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the Chairperson was appointed. Notwithstanding any other provision of this subparagraph, on the expiration of the term of office of the Chairperson, the Chairperson shall serve until the successor to the Chairperson is appointed and has qualified.

(B) *REAPPOINTMENT.*—The Chairperson shall be eligible for reappointment.

(c) *PARTNERSHIP GRANTS.*—

(1) *PURPOSE.*—The purpose of this subsection is to support programs of humanities councils at the State and local levels.

(2) *DEFINITION.*—

(A) *IN GENERAL.*—Except as provided in subparagraph (B), as used in this subsection, the term “State entity” means—

(i) a State that obtains approval of an application submitted under paragraph (4); or

(ii) in a case in which a State fails to submit an application under paragraph (4), an appropriate entity that obtains approval of an application submitted under paragraph (5).

(B) *JURISDICTION.*—

(i) *STATE ENTITY.*—As used in paragraph (6)(C)(ii), the term “State entity” means a State entity, as defined in subparagraph (A), for a State.

(ii) *STATE.*—As used in clause (i), and notwithstanding section 3(8), the term “State”, includes, in addition to the several States of the United States, only the jurisdictions specified in such section that have a population of 200,000 or more, according to the latest decennial census.

(3) *GENERAL AUTHORITY.*—Using funds reserved under section 105(b)(1)(C), the Chairperson, acting on the recommendation of the National Council on the Humanities, is authorized, in accordance with the provisions of this subsection, to establish and carry out a program of grants to assist State entities—

(A) in paying for not more than 50 percent of the cost (except as otherwise provided in this subsection) of supporting activities that achieve the objectives described in subparagraphs (A) through (F) of subsection (d)(2) and in subparagraphs (A) and (B) of subsection (e)(2); or

(B) in matching contributions from non-Federal sources made to a trust fund the purpose of which is to provide long-term financial support for such activities.

(4) *GRANTS THROUGH STATE AGENCIES.*—

(A) *DESIGNATION.*—In order to receive a grant under this subsection for any fiscal year, if a State desires to designate or to provide for the establishment of a State agency (referred to in this section as a ‘State agency’) as the sole agency for the administration of the State plan referred to in subparagraph (B) relating to the grant, such State shall designate as the State agency the humanities council or shall provide for the establishment of such a council.

(B) *APPLICATION AND STATE PLAN.*—In any State that designates or provides for the establishment of a State agency as described in subparagraph (A), the chief executive officer of the State shall submit, before the beginning of each fiscal year, an application for a grant and accompany such application with a State plan that the Chairperson finds—

(i) designates or provides for the establishment of a State agency;

(ii) provides that the chief executive officer of the State will appoint new members to the State humanities council designated or established under subparagraph (A), as vacancies occur as a result of the expiration of the terms of members of such council, until the chief executive officer has appointed all of the members of such council;

(iii) provides for the expenditure, from State funds, of an amount equal to 50 percent of the portion of the funding received by such State through a grant made under paragraph (6)(A) (relating to the minimum State allotment), or 25 percent of the total amount of funding received by such State through grants made under this subsection, whichever is greater, for the fiscal year involved (except as otherwise provided in paragraph (7));

(iv) provides that funds paid to the State under this subsection will be expended solely on activities, approved by the State agency, that—

(I) achieve the objectives described in subparagraphs (A) through (F) of subsection (d)(2) and subparagraphs (A) and (B) of subsection (e)(2); and

(II) are designed to bring the humanities to the public;

(v) provides assurances that State funds will be made available for the purpose of meeting the requirements of this subparagraph:

(vi) provides that the State agency will make such reports, in such manner and containing such information, as the Chairperson may from time to time require, including a description of the progress made toward achieving the objectives of the State plan;

(vii) provides—

(I) an assurance that the State agency has held, after reasonable notice, public meetings in the State to allow scholars, interested organizations, and the public to present views and make recommendations regarding the State plan; and

(II) a summary of such recommendations and of the response of the State agency to such recommendations; and

(viii) contains—

(I) for the most recent preceding year for which information is available, a description of the level of participation by scholars and scholarly organizations in activities supported by funding from the State agency under this subsection and a description of the extent to which the activities supported by funding from the State agency under this subsection were available to all people and communities in the State; and

(II) a description of activities supported by funding from the State agency under this subsection

that exist or are being developed to secure wider participation of scholars and scholarly organizations described in subclause (I) or that address the availability of the humanities to all people or communities described in subclause (I).

(C) APPROVAL.—The Chairperson may not approve an application described in subparagraph (B) unless the accompanying State plan satisfies the requirements specified in subparagraph (B).

(5) GRANTS TO APPROPRIATE ENTITIES.—

(A) DESIGNATION.—In any State in which the chief executive officer of the State fails to submit an application under paragraph (4)(B) for a fiscal year, the Chairperson may make grants under paragraph (3) to an appropriate entity in the State, and each such entity shall establish a procedure that ensures that 8 members of the governing body of such entity shall be appointed by an appropriate officer or agency of such State, except that in no event may the number of such members exceed 113 of the total membership of such governing body. The officer or agency shall select the members from among individuals who have knowledge of or experience in the humanities.

(B) APPLICATION AND PLAN.—If a State fails to submit an application under paragraph (4)(B) for a fiscal year, any appropriate entity in the State desiring to receive a grant under this subsection for the fiscal year shall submit an application for such grant at such time and in such manner as shall be specified by the Chairperson, and accompany such application with a State plan that the Chairperson finds—

(i) provides assurances that such entity will comply with the requirements of subparagraph (A);

(ii) provides that funds paid to such entity under this paragraph will be expended solely on activities that—

(I) achieve the objectives described in subparagraphs (A) through (F) of subsection (d)(2) and subparagraphs (A) and (B) of subsection (e)(2); and

(II) are designed to bring the humanities to the public;

(iii) establishes a membership policy that is designed to ensure broad public representation with respect to activities administered by such entity;

(iv) provides for a nomination process that ensures opportunities for nomination to membership in the governing body from various groups in such State and from a variety of segments of the population of such State, including individuals who by reason of their achievement, scholarship, or creativity in the humanities, are especially qualified to serve as members of the body;

(v) provides for a membership rotation process that ensures the regular rotation of the membership and of officers of such entity;

(vi) establishes reporting procedures that are designed to inform the chief executive officer of such State, and other appropriate officers and agencies, of the activities of such entity;

(vii) establishes procedures to ensure public access to information relating to such activities;

(viii) provides that such entity will make such reports, at such times, in such manner, and containing such information, as the Chairperson may require, including a description of the progress made toward achieving the objectives of the State plan;

(ix) provides—

(I) an assurance that the entity has held, after reasonable, public meetings in the State to allow scholars, interested organizations, and the public to present views and make recommendations regarding the State plan; and

(II) a summary of such recommendations and of the response of the entity to such recommendations; and

(x) contains—

(I) for the most recent preceding year for which information is available, a description of the level of participation by scholars and scholarly organizations in activities supported by funding from the entity under this subsection, and a description of the extent to which activities supported by funding from the entity under this subsection were available to all people and communities in the State; and

(II) a description of activities supported by funding from the entity under this subsection that exist or are being developed to secure wider participation of scholars and scholarly organizations described in subclause (I) or that address the availability of the humanities to all people or communities described in subclause (I).

(C) APPROVAL.—The Chairperson may not approve an application described in subparagraph (B) unless the accompanying plan satisfies the requirements specified in subparagraph (B).

(6) ALLOTMENTS.—

(A) IN GENERAL.—Of the sums available to carry out this subsection for any fiscal year, each State entity shall be allotted at least \$200,000.

(B) INSUFFICIENT SUMS.—If the sums available to carry out this subsection for any fiscal year are insufficient to make the allotments under subparagraph (A) in full, such sums shall be allotted so that each State entity receives an equal amount.

(C) EXCESS FUNDS.—In any case in which the sums available to carry out this subsection for any fiscal year are in excess of the amount required to make the allotments under subparagraph (A)—

(i) 34 percent of the amount of such excess for such fiscal year shall be available to the Chairperson for making grants under this subsection to State entities;

(ii) 44 percent of the amount of such excess for such fiscal year shall be allotted so that each State entity receives an equal amount; and

(iii) the remainder of the amount of such excess for such fiscal year shall be allotted so that each State entity receives an amount that bears the same ratio to such remainder as the population of the State for which the application is approved bears to the population of all the States.

(7) LIMITATIONS.—

(A) FEDERAL SHARE.—

(i) *IN GENERAL.*—Funding provided through a grant made under this subsection to a State entity for any fiscal year shall be available to each State entity that has an application approved by the Chairperson, and has the State plan accompanying the application in effect on the first day of such fiscal year, to pay not more than 50 percent of the total cost of carrying out any activity described in paragraph (3).

(ii) *EXCESS PORTION.*—Except as provided in clause (iii), the portion of the funding provided through any grant made under paragraph (6)(A) to a State entity for any fiscal year that exceeds \$125,000 shall be available, at the discretion of the Chairperson, to pay not more than 100 percent of such cost of carrying out an activity under this subsection if such activity would be unavailable to the residents of the State without such portion.

(iii) *PERCENTAGE OF GRANT FUNDS.*—The portion of the funding described in clause (ii) of any fiscal year that is available to pay not more than 100 percent of such cost, as described in clause (ii), shall not exceed 20 percent of the total of the funding provided through such grant for such fiscal year.

(B) *PROHIBITION ON SUPPLANTING NON-FEDERAL FUNDS.*—Funds made available under this subsection shall be used to supplement, and shall not supplant, non-Federal funds expended for supporting activities described in paragraph (3).

(8) *UNOBLIGATED FUNDS.*—Any amount allotted to a State entity under paragraph (6) for any fiscal year that is not obligated by the State entity earlier than 60 days prior to the end of the fiscal year for which the amount is appropriated shall be available for making grants under subsection (d) and (e).

(9) *LIMITATION ON MULTIPLE ENTITIES.*—The Chairperson may not make grants under this subsection to more than 1 entity in any State.

(d) NATIONAL GRANTS.—

(1) *PURPOSE.*—The purpose of this subsection is to provide support for grants to groups, individuals, and State agencies or entities to carry out activities relating to education and the pub-

lic humanities that have a national audience and are of national significance, such as activities relating to postsecondary education in the humanities, media projects, projects in museums and by historical organizations, projects in libraries and archives, public humanities projects, endowment building, and technology activities.

(2) *GENERAL AUTHORITY.*—Using funds reserved under section 105(b)(1)(D), the Chairperson, acting on the recommendation of the National Council on the Humanities, may establish and carry out a program of grants to groups, or in appropriate cases, individuals, which or who meet the standard of excellence in the humanities and significance in the humanities, or State agencies or entities, to pay for the Federal share of the cost of activities to—

(A) *develop and encourage the pursuit of a national policy to further the public good through public funding of the humanities;*

(B) *initiate and support research and programs to strengthen the research and teaching potential of the United States in the humanities;*

(C) *foster the exchange of information in the humanities;*

(D) *foster education in, and public understanding and appreciation of, the humanities;*

(E) *support projects that foster or promote literacy;*

(F) *ensure that the benefit of the programs of the Endowment will also be available to the citizens of the United States where such programs would otherwise be unavailable due to geographic or economic reasons;*

(G) *enable groups and institutions to increase the levels of continuing support and to increase the range of contributors to the program of such organizations or institutions;*

(H) *provide administrative and management improvements for groups and institutions, particularly in the field of long-range financial planning;*

(I) *enable groups and institutions to increase audience participation in, and appreciation of, programs sponsored by such organizations and institutions;*

(J) *develop new sources of long-term support for educational, scholarly, and public programs in the humanities, including renovating or constructing facilities, augmenting or establishing endowment funds, and purchasing capital equipment to ensure financial stability;*

(K) *stimulate greater cooperation among cultural organizations and institutions especially designed to serve better the communities in which such organizations or institutions are located; and*

(L) *foster greater citizen involvement in planning the cultural development of a community.*

(3) *FEDERAL SHARE REQUIREMENT.*—

(A) *IN GENERAL.*—With respect to the total cost of all activities funded under paragraph (2), the Federal share shall be 50 percent.

(B) *SPECIAL RULE.*—With respect to each of the activities described in paragraph (2), the Chairperson shall deter-

mine the portion of the Federal share to be provided to a group or an individual described in paragraph (2).

(C) *ADJUSTMENT.*—Notwithstanding subparagraph (B), with respect to an activity described in paragraph (2)(J), the portion of the Federal share of the cost of such activity shall be 25 percent.

(e) *RESEARCH AND SCHOLARSHIP GRANTS.*—

(1) *PURPOSE.*—The purpose of this subsection is to encourage the development and dissemination of significant scholarship in the humanities by groups, individuals, and State agencies or entities such as fellowships for college and university faculty and independent scholars, dissertation grants, summer stipends, and funds for scholarly publications, reference materials, basic research, institutional programs, and preservation.

(2) *GENERAL AUTHORITY.*—Using funds reserved under section 105(b)(1)(E), the Chairperson, acting on the recommendation of the National Council on the Humanities, may establish and carry out a program of grants to groups, individuals, State agencies, and State entities for the purpose of paying for the Federal share of the cost of—

(A) initiating and supporting (including supporting through fellowships) training, workshops, programs, research, and publications, in the humanities, that have substantial scholarly and cultural significance and that reach or reflect the cultural heritage of the United States;

(B) fostering projects that provide access to, and preserving materials important to research, education, and public understanding regarding, the humanities;

(C) enabling groups and institutions to increase the levels of continuing support and to increase the range of contributors to the program of such group or institutions;

(D) providing administrative and management improvements for cultural organizations and institutions, particularly in the field of long-range financial planning; and

(E) developing new sources of long-term support for educational, scholarly, and public programs in the humanities, including renovating or constructing facilities, augmenting or establishing endowment funds, and purchasing capital equipment to ensure financial stability.

(3) *TRAINING; WORKSHOPS; RESEARCH.*—A fellowship awarded to an individual under paragraph (2)(A) may be used for the purpose of supporting study or research at an appropriate non-profit institution selected by the individual, for a stated period of time. The total amount of any grant under paragraph (2)(A) to any group engaging in workshop activities for which an admission or other charge is made to the general public shall not exceed 30 percent of the total cost of such activities.

(4) *CONSIDERATIONS.*—In selecting a group or individual as a recipient of a grant to be made under this subsection, the Chairperson shall give particular regard to scholars, and educational and cultural institutions, that traditionally have been underrepresented in the humanities.

(5) *FEDERAL SHARE.*—

(A) *IN GENERAL.*—With respect to the total cost of all activities funded under paragraph (2), the Federal share shall be 50 percent.

(B) *SPECIAL RULE.*—With respect to each of the activities described in paragraph (2), the Chairperson shall determine the portion of the Federal share to be provided to a group or individual described in paragraph (2).

(C) *ADJUSTMENT.*—Notwithstanding subparagraph (B), with respect to an activity described in paragraph (2)(E), the portion of the Federal share of the cost of such activity shall be 25 percent.

SEC. 303. APPLICATION PROCEDURES.

To be eligible to receive a grant under this title, a State, group, individual, agency, or organization shall submit an application to the Chairperson at such time, in such manner, and containing such information as the Chairperson may prescribe.

SEC. 304. REVIEW PANELS.

The Chairperson may select panels of experts under section 307(a)(4) to review and make recommendations with respect to the approval of applications for grants authorized under this title. In selecting the panels, the Chairperson shall appoint individuals who have exhibited expertise and leadership in the field under review, who broadly represent diverse humanistic perspectives and geographic factors, and who broadly represent cultural diversity.

SEC. 305. NATIONAL COUNCIL ON THE HUMANITIES.

(a) *ESTABLISHMENT.*—There is established within the Endowment a National Council on the Humanities (referred to in this section as the “Council”).

(b) *COMPOSITION.*—

(1) *IN GENERAL.*—The Council shall be composed of the Chairperson of the Endowment, who shall be the Chairperson of the Council, and 20 other members appointed by the President, by and with the advice and consent of the Senate, who shall be selected—

(A) from among private citizens of the United States who—

(i) are recognized for their broad knowledge of, or expertise in, the humanities; and

(ii) have established records of distinguished service, or achieved eminence, in the humanities;

(B) so as to include scholars and others who are professionally engaged in the humanities; and

(C) so as collectively to provide an appropriate distribution of members among the major humanities fields.

(2) *QUALIFICATIONS.*—The President may, in making such appointments, give consideration to such recommendations as may, from time to time, be submitted to the President by leading national organizations in the major humanities fields. In making such appointments, the President shall give due regard to equitable representation of women, racially and ethnically diverse individuals, and individuals with disabilities, who are involved in the humanities. Members of the Council shall be ap-

pointed so as to represent equitably geographical areas in the United States.

(c) TERMS.—

(1) IN GENERAL.—

(A) STAGGERED TERMS.—Each member of the Council shall serve for a term of 6 years, and the terms shall be staggered.

(B) EXPIRATION.—Except as provided in paragraph (2), the terms of all Council members shall expire on the third day of September in the year of expiration.

(C) REAPPOINTMENT AFTER PARTIAL TERM.—Each member who has served on the Council for 1 term of less than 3 years shall be eligible for reappointment for 1 term of 6 years.

(D) VACANCY APPOINTMENTS.—Any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed.

(E) HOLDOVER SERVICE.—Notwithstanding any other provision of this subsection, a member of the Council shall serve after the expiration of the term of the member until the successor to the member takes office.

(2) ADJUSTMENT TO REDUCE COUNCIL.—

(A) EXPIRATION OF TERMS.—The terms of—

(i) 8 members of the Council whose terms would otherwise expire on January 26, 1996; and

(ii) 1 member of the Council whose term expired on November 30, 1995; shall be deemed to expire on January 1, 1996.

(B) TERMS.—The President shall appoint 3 members of the Council to succeed members whose terms are deemed to expire as described in subparagraph (A). The terms of the successors shall expire on September 3, 2002.

(d) COMPENSATION.—Members of the Council shall receive compensation at a rate to be fixed by the Chairperson but not to exceed the daily equivalent of the maximum rate authorized for a position above grade GS-15 of the General Schedule under section 5108 of title 5, United States Code, and be allowed travel expenses including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

(e) MEETINGS AND DUTIES.—

(1) MEETINGS.—The Council shall meet at the call of the Chairperson but not less often than twice during each calendar year. Eleven members of the Council shall constitute a quorum.

(2) DUTIES.—The Council shall—

(A) advise the Chairperson with respect to policies, programs, and procedures for carrying out the functions of the Chairperson under this title; and

(B) review applications for grants authorized under this title and make recommendations to the Chairperson with respect to the approval of each application.

(f) ACTIONS BY CHAIRPERSON.—

(1) IN GENERAL.—The Chairperson shall not approve or disapprove any application for a grant authorized under this title

until the Chairperson has received the recommendation of the Council on such application, unless the Council fails to make a recommendation on the application within a reasonable time.

(2) *DELEGATIONS.*—In the case of an application submitted under this title and involving \$35,000 or less, the Chairperson may approve or disapprove such application if such action is taken pursuant to the terms of an express and direct delegation of authority from the Council to the Chairperson, and if each such action by the Chairperson is reviewed by the Council. The terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year that exceed an amount equal to 3 percent of the sums appropriated for the fiscal year pursuant to section 105(b)(1).

SEC. 306. LIMITATIONS ON GRANTS.

(a) *CRITERIA FOR ELIGIBILITY FOR GRANTS.*—

(1) *DEFINITIONS.*—As used in this subsection:

(A) *PRODUCTION ENTITY.*—The term “production entity” means any partnership, corporation, business enterprise, or other organization engaged in the production of a film or publication.

(B) *GROUP.*—The term “group” includes any State or local government, State or local public agency, Indian tribe, or nonprofit association, organization, institution, or society.

(C) *NATIONAL OF THE UNITED STATES.*—The term “national of the United States” means a citizen of the United States or a person who owes permanent allegiance to the United States.

(2) *CRITERIA.*—The Chairperson, with the advice of the National Council on the Humanities, shall establish criteria for eligibility for grants made under this title. The criteria shall provide the following:

(A) *GROUP.*—A group shall be eligible to receive a grant under this title if—

(i) no part of the net earnings of the group inures to the benefit of any private stockholder, or individual; and

(ii) a donation to such group is allowable as a charitable contribution under section 170(c) of the Internal Revenue Code of 1986.

(B) *PRODUCTION ENTITY.*—A production entity that is a nonprofit group shall be eligible to receive a grant under this title if the Chairperson, with the advice of the National Council on the Humanities, determines that providing such a grant will significantly advance the knowledge or understanding of the humanities in the United States.

(C) *INDIVIDUAL.*—An individual shall be eligible to receive a grant under this title if—

(i) the individual is a citizen or national of the United States; and

(ii) the Chairperson, with the advice of the National Council on the Humanities, determines that providing the grant will significantly advance the knowledge or understanding of the humanities in the United States.

(b) *ADMISSION CHARGES.*—No grant shall be made under this title for an activity (other than an activity conducted by a school, college, or university) for which a direct or an indirect admission charge is requested if the proceeds, after deducting reasonable costs, are used for purposes other than assisting the grant recipient to develop high standards of scholarly excellence or encourage greater appreciation of the humanities by the citizens of the United States.

(c) *LABOR STANDARDS.*—The provisions of section 206(d) shall apply to activities financed under this title in the same manner and to the same extent as the provisions apply to activities financed under title II.

SEC. 307. ADMINISTRATIVE PROVISIONS.

(a) *AUTHORITIES OF CHAIRPERSON.*—In addition to any authorities vested in the Chairperson by other provisions of this Act, the Chairperson, in carrying out the functions of the Chairperson, shall have authority—

(1) to prescribe such regulations and procedures as the Chairperson determines to be necessary governing the manner in which the functions of the Chairperson shall be carried out.

(2)(A) to solicit, accept, receive, invest, and use money and other property donated, bequeathed, or devised to the Endowment, either absolutely or in trust, with or without a condition or restriction, including a condition that the Chairperson use other funds of the Endowment for the purposes of the donation, bequest, or devise; and

(B) to sell or otherwise dispose of such property, for purposes of carrying out the activities of the Endowment under this title;

(3) to appoint and determine the compensation of such employees, subject to title 5, United States Code, as may be necessary to carry out the functions of the Chairperson, define their duties, and supervise and direct their activities;

(4) to procure the temporary and intermittent services of experts and consultants, including panels of experts, and compensate the experts and consultants in accordance with section 3109 of title 5, United States Code;

(5) to accept and utilize the voluntary services of individuals and reimburse the individuals for travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service;

(6) to make advance, progress, and other payments without regard to section 3324 of title 31, United States Code;

(7) to rent office space in the District of Columbia; and

(8) to make other necessary expenditures.

(b) *PUBLICATIONS.*—Official publications of the Endowment under this title may be supported without regard to the provisions of section 501 of title 44, United States Code, if the Chairperson consults with the Joint Committee on Printing of the Congress.

(c) *COORDINATION.*—The Chairperson shall coordinate the programs of the Endowment, insofar as practicable, with other Federal programs, programs of designated State humanities agencies, and programs undertaken by other public agencies or private groups, and shall develop the programs of the Endowment with due regard

to the contribution to the objectives of this title that can be made by other Federal agencies under the existing programs. The Chairperson may enter into interagency agreements to promote or assist with the humanities-related activities of other Federal agencies, on a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated to carry out this title to pay for the costs of such promotion or assistance.

SEC. 308. REPORTS.

(a) ANNUAL REPORT OF CHAIRPERSON.—The Chairperson shall submit an annual report to the President for submission to the appropriate committees of Congress on or before the 15th day of April of each year. The report shall summarize the activities of the Endowment for the preceding year, and may include such evaluations and other reports as the Chairperson determines to be appropriate.

(b) FINANCIAL REPORTS AND COMPLIANCE.—

(1) IN GENERAL.—It shall be a condition of the receipt of a grant made under this title by the Chairperson that each such grant recipient agree to and comply with requirements to submit to the Chairperson—

(A) financial reports containing such information as the Chairperson determines to be necessary to ensure that the funding provided through the grant is expended in accordance with the terms and conditions under which the grant is made;

(B) a report describing the activity carried out with the funding provided through the grant and the compliance by the grant recipient with the conditions of receipt of such grant, including the condition that the work assisted meet the standards of excellence in humanities and significance in the humanities; and

(C) if practicable, as determined by the Chairperson, a copy of the work resulting from the activity.

(2) REPORTS.—The reports and copy described in paragraph (1) shall be due not later than 90 days after the end of the period for which such grant recipient receives funding through the grant or 90 days after the completion of the work, whichever occurs earlier. The Chairperson may extend the 90-day period if the recipient shows good cause why such an extension should be granted.

(c) EVALUATION.—The Chairperson shall conduct a post-award evaluation of activities for which grants are made by the Chairperson under this title. Such evaluation may include an audit to determine the accuracy of the reports required to be submitted by grant recipients under subsection (b).

(d) ANNUAL REPORT OF NATIONAL COUNCIL ON THE HUMANITIES.—

(1) IN GENERAL.—The National Council on the Humanities may submit an annual report to the President for submission to the appropriate committees of Congress on or before the 15th day of April of each year.

(2) CONTENTS.—The report shall include written records summarizing—

(A) all meetings and discussions of the Council; and

(B) recommendations made by the Council to the Chairperson.

(3) *PRIVACY.*—The Council shall ensure that the information contained in the report will be presented in a manner that protects the privacy of individual applicants for grants authorized under this title and Council members.

SEC. 309. SANCTIONS AND PAYMENTS.

(a) *FAILURE TO SATISFY PURPOSES.*—If any recipient of a grant made under this title, or an indirect recipient of funding provided through the grant, substantially fails to satisfy the purposes for which such grant is made, as determined by the Chairperson, the Chairperson may—

(1) for purposes of determining whether to make any subsequent funding to the direct or indirect recipient under this title, take into consideration the results of the post-award evaluation conducted under section 308(c);

(2) prohibit the direct and indirect recipients from using the name of, or in any way associating the project, production, or workshop for which the grant was received with, the Endowment; and

(3) if such project, production, or workshop is published, require that the publication contain the following statement: The opinions, findings, conclusions, and recommendations expressed in this publication do not reflect the views of the National Endowment for the Humanities.

(b) *NONCOMPLIANCE.*—

(1) *IN GENERAL.*—The Chairperson shall take the actions described in paragraph (2) whenever the Chairperson, after providing reasonable notice and an opportunity for hearing, finds that—

(A) a direct recipient of a grant under this title, or an indirect recipient of funding provided through the grant, is not complying substantially with the provisions of this title;

(B) a State agency that received a grant under this title, or an indirect recipient of funding provided through the grant, is not complying substantially with terms and conditions of the State plan accompanying the application approved for the grant under this title; or

(C) any funding provided under this title to a recipient or State agency described in subparagraph (A) or (B) has been diverted from the purposes for which such funding was provided.

(2) *ACTIONS.*—On making the finding described in paragraph (1), the Chairperson shall immediately notify the direct recipient or State agency that received the funding at issue that—

(A) no further funding will be provided under this title to such recipient or agency until there is no longer any default or failure to comply or the diversion is corrected; or

(B) if compliance or correction is impossible, until such recipient or agency repays or arranges the repayment of the Federal funds that were improperly diverted or expended.

(c) *RECAPTURE.*—

(1) *IN GENERAL.*—A recipient of funding under this title shall pay the amount described in paragraph (2) to the Endowment

if the Chairperson finds that the recipient has derived net program income in excess of the match required under the terms of the agreement from the commercially successful activities funded that exceeds the lesser of—

(A) \$50,000; or

(B) twice the amount of the funding.

(2) AMOUNT.—At the discretion of the Chairperson, the amount referred to in paragraph (1) is not less 1/3 and not more than 1/2 of the amount of the net program income generated within 5 years after the end of the grant period, but not more than the amount of the funding, unless the Chairperson has reached an agreement with the grantee upon award of a grant that the amount referred to in paragraph (1) shall exceed the amount of the grant.

(d) ACCOUNT.—Except as otherwise provided in this Act, the Treasurer of the United States shall deposit funds paid under subsection (c), or repaid under this Act, in a special interest bearing account to the credit of the Endowment.

SEC. 310. AWARDS.

The Chairperson, with the advice of the National Council on the Humanities, may make the following annual awards:

(1) JEFFERSON LECTURE IN THE HUMANITIES AWARD.—The Chairperson may award annually the Jefferson Lecture in the Humanities Award to 1 individual for distinguished intellectual achievement in the humanities. Each such award shall not exceed \$10,000.

(2) CHARLES FRANKEL PRIZE.—The Chairperson may award annually the Charles Frankel Prize to honor individuals who have made outstanding contributions to the public understanding of the humanities. Not more than 5 individuals may receive such prize each year. Each such prize shall not exceed \$5,000.

* * * * *

TITLE 20, UNITED STATES CODE

MUSEUM SERVICES ACT

* * * * *

[SEC. 961. DECLARATION OF PURPOSE.—

[It is the purpose of this title to encourage and assist museums in their educational role, in conjunction with formal systems of elementary, secondary, and post-secondary education and with programs of nonformal education for all age groups; to assist museums in modernizing their methods and facilities so that they may be better able to conserve our cultural, historic, and scientific heritage; and to ease the financial burden borne by museums as a result of their increasing use by the public.

[SEC. 962. INSTITUTE OF MUSEUM SERVICES; ESTABLISHMENT.—

[There is hereby established within the National Foundation on the Arts and the Humanities, an Institute of Museum Services. The Institute shall consist of a National Museum Services Board and a Director of the Institute.

[SEC. 963. NATIONAL MUSEUM SERVICES BOARD.—

[(a) APPOINTMENT OF VOTING AND NONVOTING MEMBERS.—

[(1) The Board shall consist of fifteen members appointed by the President, by and with the advice and consent of the Senate. Such members shall be selected from among citizens of the United States who are members of the general public and who are—

[(A) broadly representative of the various museums, including museums relating to science, history, technology, art, zoos, and botanical gardens, and of the curatorial, conservation, educational, and cultural resources of the United States; and

[(B) recognized for their broad knowledge, expertise, or experience in museums or commitment to museums.

Members shall be appointed to reflect various geographical regions of the United States. The Board may not include, at any time, more than three members from a single State. In making such appointments, the President shall give due regard to equitable representation of women, minorities, and persons with disabilities who are involved in such museums.

[(2)(A) In addition to members appointed by the President under paragraph (1), the following persons shall serve as members of the Board—

[(i) the Chairperson of the National Endowment for the Arts;

[(ii) the Chairperson of the National Endowment for the Humanities;

[(iii) the secretary of the Smithsonian Institution; and

[(iv) the Director of the National Science Foundation.

[(B) The members of the Board listed in clause (i) through clause (iv) of subparagraph (A) shall be nonvoting members.

[(b) TERM OF OFFICE; VACANCIES; REAPPOINTMENT.—The term of office of the appointed members of the Board shall be five years, except that—

[(1) any such member appointed to fill a vacancy shall serve only such portion of a term as shall not have expired at the time of such appointment; and

[(2) in the case of initial members, three shall serve for terms of five years, three shall serve for terms of four years, three shall serve for terms of three years, three shall serve for terms of two years, and three shall serve for terms of one year, as designated by the President at the time of nomination for appointment. Any appointed member who has been a member of the Board for more than seven consecutive years shall thereafter be ineligible for reappointment to the Board during the three-year period following the expiration of the last such consecutive year. Notwithstanding any other provision of this subsection, a member shall serve after the expiration of such member's term of office until such member's successor takes office.

[(c) DESIGNATION OF CHAIRPERSON; QUORUM.—The Chairperson of the Board shall be designated by the President from among the appointed members of the Board. Except as provided in subsection (d)(2), eight appointed members of the Board shall constitute a quorum.

[(d) MEETINGS OF BOARD.—The Board shall meet at the call of the Chairperson, except that—

[(1) it shall meet not less than three times each year; and

[(2) it shall meet whenever one-third of the appointed members request a meeting in writing, in which event seven of the appointed members shall constitute a quorum.

[(e) COMPENSATION AND TRAVEL EXPENSES OF MEMBERS.—Members of the Board who are not in the regular full-time employ of the United States shall receive, while engaged in the business of the Board, compensation for service at a rate to be fixed by the President, except that such rate shall not exceed the rate specified at the time of such service for grade GS-18 set forth in section 5332 of title 5, United States Code, including traveltime, and, while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for person employed in Government service.

[(f) GENERAL POLICIES.—The Board shall have the responsibility for the general policies with respect to the powers, duties, and authorities vested in the Institute under this title. The Director shall make available to the Board such information and assistance as may be necessary to enable the Board to carry out its functions.

[(g) COORDINATION WITH ACTIVITIES OF FEDERAL GOVERNMENT.—The Board shall, with the advice of the Director, take steps to assure that the policies and purposes of the Institute are coordinated with other activities of the Federal Government.

[SEC. 964. DIRECTOR OF INSTITUTE.—

[(a) APPOINTMENT AND COMPENSATION; DELEGATION OF FUNCTIONS.—

[(1) The Director of the Institute shall be appointed by the President, by and with the advice and consent of the Senate, and shall serve at the pleasure of the President. The Director shall perform such duties and exercise such powers as the Board may prescribe.

[(2) The Director shall not delegate any of the Director's functions to any other officer who is not directly responsible to the Director.

[(b) COORDINATION WITH FEDERAL AGENCIES AND ORGANIZATIONS.—The Director shall advise the Board regarding policies of the Institute to assure coordination of the Institute's activities with other agencies and organizations of the Federal Government having interest in and responsibilities for the improvement of museums. Such Government agencies shall include the National Endowment for the Arts, the National Endowment for the Humanities, the National Science Foundation, appropriate units in the Department of Education, the Library of Congress, and the Smithsonian Institution and related organizations.

[(c) APPOINTMENT AND COMPENSATION OF TECHNICAL AND PROFESSIONAL EMPLOYEES.—The Director may appoint without regard to the provisions of title 5, United States Code, governing appointment in the competitive service and may compensate without regard to the provisions of chapter 51 or subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates not to exceed one-fifth of the number of full-time regular technical or professional employees of the Institute. The rate of basic compensation for such employees may not equal or exceed the

rate prescribed for GS-16 of the General Schedule under Section 5332 of title 5, United States Code.

[SEC. 965. GRANTS TO MUSEUMS TO INCREASE AND IMPROVE SERVICES.—

[(a) AUTHORIZED ACTIVITIES.—The Director, subject to the policy direction of the Board, is authorized to make grants to museums to increase and improve museum services, through such activities as—

[(1) programs to enable museums to construct or install displays, interpretations, and exhibitions in order to improve their services to the public;

[(2) assisting them in developing and maintaining professionally-trained or other wise experienced staff to meet their needs;

[(3) assisting them to meet their administrative costs in preserving and maintaining their collections, exhibiting them to the public, and providing educational programs to the public through the use of their collections;

[(4) assisting museums in cooperation with each other in the development of traveling exhibitions, meeting transportation costs, and identifying and locating collections available for loan;

[(5) assisting them in conservation of their collections; and

[(6) developing and carrying out specialized programs for specific segments of the public, such as programs for urban neighborhoods, rural areas, Indian reservations, and penal and other State institutions.

[(b) CONTRACTS AND COOPERATIVE AGREEMENTS.—

[(1) The Director, subject to the policy direction of the National Museum Services Board, is authorized to enter into contracts and cooperative agreements to provide financial assistance in order to undertake projects designed to strengthen museum services, except that any contracts or cooperative agreements entered into pursuant to this subsection shall be effective only to such extent or in such amounts as are provided in appropriations Acts.

[(2) No financial assistance may be provided under this subsection to pay for operational expenses.

[(3) The aggregate amount of financial assistance made under this subsection shall not exceed 5 percent of the amount appropriated under this Act for such fiscal year.

[(c) COST LIMITATION.—Grants, contracts, and cooperative agreements under this section for any fiscal year may not exceed 50 per centum of the cost of the program for which the grant or financial assistance is made, except that not more than 20 per centum of the funds available under this section for any fiscal year may be available for grants or financial assistance in such fiscal year without regard to such limitation.

[(d) REVIEW AND EVALUATION PROCEDURES.—The Director shall establish procedures for reviewing and evaluating grants, contracts, and cooperative agreements made or entered into under this section. Procedures for reviewing grant applications or contracts and cooperative agreements for financial assistance under this section shall not be subject to any review outside of the Institute.

[SEC. 966. CONTRIBUTIONS.—

[The Institute shall have authority to accept in the name of the United States, grants, gifts, or bequests of money for immediate disbursement in furtherance of the functions of the Institute. Such grants, gifts, or bequests, after acceptance by the Institute, shall be paid by the donor or his representative to the Treasurer of the United States whose receipt shall be their acquittance. The Treasurer of the United States shall enter them in a special account to the credit of the Institute for the purposes in each case specified.

[SEC. 967. AUTHORIZATION OF APPROPRIATIONS.—

[(a) For the purpose of making grants under section 206(a), there are authorized to be appropriated \$24,000,000 for fiscal year 1991 and such sums as may be necessary for fiscal years 1992 and 1993.

[(b) There are authorized to be appropriated such sums as may be necessary to administer the provisions of this title.

[(c) Sums appropriated pursuant to subsection (a) for any fiscal year shall remain available for obligation and expenditure until expended.

[(d) For the purpose of enabling the Institute to carry out its functions under this title, there is authorized to be appropriated for each fiscal year ending before October 1, 1993, an amount equal to the amount contributed during such fiscal year to the Institute under section 207.

[(e)(1) Subject to paragraph (2), there are authorized to be appropriated \$1,000,000 for each of two fiscal years to carry out section 211.

[(2) Paragraph (1) shall not be effective for any fiscal year for which the amount appropriated under subsection (a) is less than \$24,000,000.

[SEC. 968. DEFINITIONS.—

[For the purpose of this title, the term—

[(1) “Board” means the National Museum Services Board established under section 203;

[(2) “Director” means the Director of the Institute established under section 203;

[(3) “Institute” means the Institute of Museum Services established under section 203; and

[(4) “museum” means a public or private nonprofit agency or institution organized on a permanent basis for essentially educational or esthetic purposes, which, utilizing a professional staff, owns or utilizes tangible objects, cares for them, and exhibits them to the public on a regular basis.

[SEC. 969. ASSESSMENT OF NEEDS OF SMALL, EMERGING, MINORITY, AND RURAL MUSEUMS.—

[(a) The Director, subject to the policy direction of the Board and in consultation with appropriate representatives of the museum and cultural communities shall undertake an assessment of the needs of small, emerging, minority, and rural museums. The assessment, to be completed and presented to Congress with two years of enactment, shall include but not necessarily be limited to, the following subjects:

[(1) The need for resources to identify, collect, document, research, preserve and interpret tangible and nontangible collec-

tions and to communicate with and involve their own communities and the general public.

[(2) The personnel staffing and training needs for small, emerging, minority, and rural museums, including needs for professional positions and for the community persons employed or utilized by museums who are expert in the history, culture, customs, and other human resources of the communities.

[(3) The building and construction needs, including impediments to accessing Federal and non-Federal funds for this purpose.

[(4) The maintenance, operation and repair needs, including impediments to accessing Federal and non-Federal funds for these purposes.

[(5) The status of the museums' current collections and the museums' interest in accessing, through gift, purchase, repatriation or borrowing, objects now held privately or in public collections.

[(b) As used in this subsection—

[(1) the term “small, emerging, minority, and rural museums” includes tribal museums and museums of other ethnic and cultural groups; and

[(2) the term “Indian tribe” has the meaning given in the Indian Self-Determination and Education Assistance Act.]

TITLE II—MUSEUM AND LIBRARY SERVICES ACT

Subtitle A—General Provisions

SEC. 201. SHORT TITLE.

This title may be cited as the “Museum and Library Services Act”.

SEC. 202. GENERAL DEFINITIONS.

As used in this title:

(1) *COMMISSION.*—The term “Commission” means the National Commission on Libraries and Information Science established under section 3 of the National Commission on Libraries and Information Science Act (20 U.S.C. 1502).

(2) *DIRECTOR.*—The term “Director” means the Director of the Institute appointed under section 204.

(3) *FOUNDATION.*—The term “Foundation” means the National Foundation on the Arts and the Humanities.

(4) *INSTITUTE.*—The term “Institute” means the Institute of Museum and Library Services established under section 203.

(5) *MUSEUM BOARD.*—The term “Museum Board” means the National Museum Services Board established under section 276.

SEC. 203. INSTITUTE OF MUSEUM AND LIBRARY SERVICES.

(a) *ESTABLISHMENT.*—There is established within the Foundation an Institute of Museum and Library Services.

(b) *OFFICES.*—The Institute shall consist of an Office of Museum Services and an Office of Library Services. There shall be a National Museum Services Board in the Office of Museum Services.

SEC. 204. DIRECTOR OF THE INSTITUTE.

(a) *APPOINTMENT.*—

(1) *IN GENERAL.*—The Institute shall be headed by a Director, appointed by the President, by and with the advice and consent of the Senate.

(2) *TERM.*—The Director shall serve for a term of 4 years.

(3) *QUALIFICATIONS.*—Beginning with the first individual appointed to the position of Director after the date of enactment of the Arts, Humanities, and Museum Amendments of 1995, every second individual so appointed shall be appointed from among individuals who have special competence with regard to library and information services. Beginning with the second individual appointed to the position of Director after the date of enactment of the Arts, Humanities, and Museum Amendments of 1995, every second individual so appointed shall be appointed from among individuals who have special competence with regard to museum services.

(b) *COMPENSATION.*—The Director shall be compensated at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code.

(c) *DUTIES AND POWERS.*—The Director shall perform such duties and exercise such powers as may be prescribed by law, including—

(1) awarding financial assistance for activities described in this title; and

(2) using not less than 5 percent and not more than 7 percent of the funds made available under this title for each fiscal year to award financial assistance for projects that involve both—

(A) activities relating to library and information services, as described in subtitle B, carried out in accordance with such subtitle; and

(B) activities relating to museum services, as described in subtitle C, carried out in accordance with such subtitle.

(d) *NONDELEGATION.*—The Director shall not delegate any of the functions of the Director to any person who is not directly responsible to the Director.

(e) *COORDINATION.*—The Director shall ensure coordination of the policies and activities of the Institute with the policies and activities of other agencies and offices of the Federal Government having interest in and responsibilities for the improvement of museums and libraries and information services. Such agencies and offices shall include the National Endowment for the Arts, the National Endowment for the Humanities, the National Science Foundation, appropriate units in the Department of Education, the Library of Congress, the Smithsonian Institution, and related agencies and offices.

SEC. 205. DEPUTY DIRECTORS.

(a) *APPOINTMENT.*—The Office of Library Services shall be headed by a Deputy Director, who shall be appointed by the Director from among individuals who have a graduate degree in library science and expertise in library and information services. The Office of Museum Services shall be headed by a Deputy Director, who shall be appointed by the Director from among individuals who have expertise in museum services.

(b) *COMPENSATION.*—Each such position of Deputy Director shall be a Senior Executive Service position, which shall be paid at a rate of pay for a position at ES-1 of the Senior Executive Service schedule.

SEC. 206. PERSONNEL.

(a) *IN GENERAL.*—The Director may, in accordance with applicable provisions of title 5, United States Code, appoint and determine the compensation of such employees as the Director determines to be necessary to carry out the duties of the Institute.

(b) *VOLUNTARY SERVICES.*—The Director may accept and utilize the voluntary services of individuals and reimburse the individuals for travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

SEC. 207. CONTRIBUTIONS.

The Institute shall have authority to solicit, accept, receive, and invest in the name of the United States, gifts, bequests, or devises of money and other property or services and to use such property or services in furtherance of the functions of the Institute. Any proceeds from such gifts, bequests, or devises, after acceptance by the Institute, shall be paid by the donor or the representative of the donor to the Director. The Director shall enter the proceeds in a special interest bearing account to the credit of the Institute for the purposes in each case specified.

Subtitle B—Library Services and Technology

SEC. 211. SHORT TITLE.

This subtitle may be cited as the “Library Services and Technology Act”.

SEC. 212. STATEMENT OF PURPOSE; RECOGNITION OF NEED.

(a) *STATEMENT OF PURPOSE.*—The purposes of this subtitle are as follows:

(1) To stimulate excellence and promote equity and lifelong access to learning and information resources in all types of libraries.

(2) To combine the ability of the Federal Government to stimulate significant improvement and innovation in library services with support at State and local levels, and with cooperative programs with other agencies and with public and private sector partnerships, to achieve national library service goals.

(3) To establish national library service goals for the 21st century. Such goals are that every person in America will be served by a library that—

(A) provides all users access to information through regional, State, national and international electronic networks;

(B) contributes to a productive workforce, and to economic development, by providing resources and services designed to meet local community needs;

(C) provides a full range of resources and programs to develop reading and critical thinking skills for children and adults;

(D) provides targeted services to people of diverse geographic, cultural and socioeconomic backgrounds, to individuals with disabilities, and to people with limited functional literacy or information skills; and

(E) provides adequate hours of operation, facilities, staff, collections, and electronic access to information.

(b) *RECOGNITION OF NEED.*—The Congress recognizes that strong library services are essential to empower people to succeed in our Nation's increasingly global and technological environment.

SEC. 213. DEFINITIONS.

As used in this subtitle:

(1) *INDIAN TRIBE.*—The term “Indian tribe” means any tribe, band, nation, or other organized group or community, including any Alaska native village, regional corporation, or village corporation, as defined in or established pursuant to the Alaska Native Claims Settlement Act, which is recognized by the Secretary of the Interior as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

(2) *LIBRARY CONSORTIA.*—The term “library consortia” means any local, statewide, regional, interstate, or international cooperative association of library entities which provides for the systematic and effective coordination of the resources of school, public, academic, and special libraries and information centers for improved services for their clientele.

(3) *LIBRARY ENTITY.*—The term “library entity” means a library that performs all activities of a library relating to the collection and organization of library materials and other information and that makes the materials and information publicly available. Such term includes State library administrative agencies, and the libraries, library related entities, cooperatives, and consortia through which library services are made publicly available.

(4) *PUBLIC LIBRARY.*—The term “public library” means a library that serves free of charge all residents of a community, district, or region, and receives its financial support in whole or in part from public funds. Such term also includes a research library, which, for the purposes of this sentence, means a library, which—

(A) makes its services available to the public free of charge;

(B) has extensive collections of books, manuscripts, and other materials suitable for scholarly research which are not available to the public through public libraries;

(C) engages in the dissemination of humanistic knowledge through services to readers, fellowships, educational and cultural programs, publications of significant research, and other activities; and

(D) is not an integral part of an institution of higher education.

(5) *STATE.*—The term “State”, unless otherwise specified, includes the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

(6) *STATE ADVISORY COUNCIL.*—The term “State advisory council” means an advisory council established pursuant to section 252.

(7) *STATE LIBRARY ADMINISTRATIVE AGENCY.*—The term “State library administrative agency” means the official agency of a State charged by law of that State with the extension and development of public library services throughout the State, which has adequate authority under law of the State to administer the State plan in accordance with the provisions of this subtitle.

(8) *STATE PLAN.*—The term “State plan” means the document which gives assurances that the officially designated State library administrative agency has the fiscal and legal authority and capability to administer all aspects of this subtitle, provides assurances for establishing the State’s policies, priorities, criteria, and procedures necessary to the implementation of all programs under this subtitle, submits copies for approval as required by regulations promulgated by the Director, and identifies a State’s library needs and sets forth the activities to be taken toward meeting the identified needs supported with the assistance of Federal funds made available under this subtitle.

SEC. 214. AUTHORIZATION OF APPROPRIATIONS.

(a) *AUTHORITY.*—

(1) *IN GENERAL.*—There are authorized to be appropriated to the Secretary of Education—

(A) for the purpose of awarding grants under subchapter A of chapter 2 and for related administrative expenses, \$75,000,000 for fiscal year 1996, and such sums as may be necessary for each of the 4 succeeding fiscal years; and

(B) for the purpose of awarding grants under subchapter B of chapter 2 and for related administrative expenses, \$75,000,000 for fiscal year 1996, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) *TRANSFER.*—The Secretary of Education shall transfer any funds appropriated under the authority of paragraph (1) to the Director to enable the Director to carry out this subtitle.

(b) *JOINT PROJECTS.*—Not less than 5 percent and not more than 7 percent of the funds appropriated under this section for a fiscal year may be made available for projects described in section 204(c)(2) for the fiscal year.

(c) *ADMINISTRATION.*—Not more than 10 percent of the funds appropriated under this section for a fiscal year may be used to pay for the Federal administrative costs of carrying out this subtitle.

CHAPTER 1—BASIC PROGRAM REQUIREMENTS

SEC. 221. RESERVATIONS AND ALLOTMENTS.

(a) *RESERVATIONS.*—From the amount appropriated under the authority of section 214(a) for any fiscal year, the Director—

(1) shall reserve 1½ percent to award grants in accordance with section 261; and

(2) shall reserve 8 percent to carry out a national leadership program in library science in accordance with section 262.

(b) *ALLOTMENTS.*—

(1) *IN GENERAL.*—From the sums appropriated under the authority of section 214(a) and not reserved under subsection (a) for any fiscal year, the Director shall allot the minimum allotment, as determined under paragraph (3), to each State. Any sums remaining after minimum allotments have been made for such year shall be allotted in the manner set forth in paragraph (2).

(2) *REMAINDER.*—From the remainder of any sums appropriated under the authority of section 214 (a) that are not reserved under subsection (a) and not allotted under paragraph (1) for any fiscal year, the Director shall allot to each State an amount that bears the same relation to such remainder as the population of the State bears to the populations of all the States.

(3) *MINIMUM ALLOTMENT.*—

(A) *IN GENERAL.*—For the purposes of this subsection, the minimum allotment shall be—

(i) with respect to appropriations for the purposes of subchapter A of chapter 2, \$200,000 for each State, except that the minimum allotment shall be \$40,000 in the case of Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau; and

(ii) with respect to appropriations for the purposes of subchapter B of chapter 2, \$200,000 for each State, except that the minimum allotment shall be \$40,000 in the case of Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

(B) *RATABLE REDUCTIONS.*—If the sums appropriated under the authority of section 214(a) and not reserved under subsection (a) for any fiscal year are insufficient to fully satisfy the aggregate of the minimum allotments for all States for that purpose for such year, each of such minimum allotments shall be reduced ratably.

(4) *DATA.*—The population of each State and of all the States shall be determined by the Director on the basis of the most recent data available for the Bureau of the Census.

SEC. 222. ADMINISTRATION AND EVALUATION.

(a) *IN GENERAL.*—Not more than 5 percent of the total funds received under this subtitle for any fiscal year by a State may be used for administration.

(b) *CONSTRUCTION.*—Nothing in this section shall be construed to limit spending for evaluation costs under section 251 from sources other than this subtitle.

SEC. 223. PAYMENTS; FEDERAL SHARE; AND MAINTENANCE OF EFFORT REQUIREMENTS.

(a) *PAYMENTS.*—The Director shall pay to each State library administrative agency having a State plan approved under section 224

the Federal share of the cost of the activities described in the State plan.

(b) *FEDERAL SHARE.*—

(1) *IN GENERAL.*—Except as provided in paragraph (3), the Federal share shall be 50 percent.

(2) *NON-FEDERAL SHARE.*—The non-Federal share of payments shall be provided from non-Federal State or local sources.

(3) *SPECIAL RULE.*—The Federal share—

(A) for the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, shall be 66 percent; and

(B) for the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, shall be 100 percent.

(c) *MAINTENANCE OF EFFORT.*—

(1) *IN GENERAL.*—The amount otherwise payable to a State for fiscal year under chapter 2 shall be reduced if the level of State expenditures, as described in paragraph (2), for the previous fiscal year are less than the average of the total of such expenditures for the 3 fiscal years preceding that previous fiscal year. The amount of the reduction in allotment for any fiscal year shall be in exact proportion to the amount which the State fails to meet the requirement of this subsection.

(2) *LEVEL OF STATE EXPENDITURES.*—The level of State expenditures for the purposes of paragraph (1) shall include all State dollars expended by the State library administrative agency for library programs that are consistent with the purposes of this subtitle. All funds included in the maintenance of effort calculation under this subsection shall be expended during the fiscal year for which the determination is made, and shall not include capital expenditures, special one-time project costs, or similar windfalls.

(3) *WAIVER.*—The Director may waive the requirements of paragraph (1) if the Director determines that such a waiver would be equitable due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State.

SEC. 224. STATE PLANS.

(a) *STATE PLAN REQUIRED.*—

(1) *IN GENERAL.*—In order to be eligible to receive a grant under this subtitle, a State library administrative agency shall submit a State plan to the Director not later than April 1, 1996.

(2) *DURATION.*—The State plan shall cover a period of 5 fiscal years.

(3) *REVISIONS.*—If a State library administrative agency makes a substantive revision to its State plan, then the State library administrative agency shall submit to the Director an amendment to the State plan containing such revision not later than April 1 of the fiscal year preceding the fiscal year for which the amendment will be effective.

(b) *CONTENTS.*—The State plan shall—

(1) specify priorities for improvement of library services so that all people in the State have convenient and appropriate access to information delivered by libraries through a new and emerging technologies assisted under subchapter A of chapter 2;

(2) identify those persons who need special services under subchapter B of chapter 2 and specify priorities for meeting the purpose described in section 241(a);

(3) describe how section 243 will be implemented within the State, specify the accountability and evaluation procedures to be followed by public libraries receiving funds under such section, and specify whether and how funds are to be aggregated under section 243(b)(2) to improve library services provided to children in the State described in section 243(a)(2);

(4) describe the activities and services for which assistance is sought, including—

(A) priorities for the use of funds under this subtitle; and

(B) a description of the types of libraries and library entities that will be eligible to receive funds under this subtitle;

(5) provide that any funds paid to the State in accordance with the State plan shall be expended solely for the purposes for which the funds are authorized and appropriated and that such fiscal control and fund accounting procedures have been adopted as may be necessary to assure proper disbursement of, and account for, Federal funds paid to the State (including any such funds paid by the State to any other entity) under this subtitle;

(6) provide procedures to ensure that the State library administrative agency shall involve libraries and users throughout the State in policy decisions regarding implementation of this subtitle, and development of the State plan, including establishing the State advisory council;

(7) provide satisfactory assurance that the State library administrative agency—

(A) will make such reports, in such form and containing such information, as the Director may require to carry out this subtitle and to determine the extent to which funds provided under this subtitle have been effective in carrying out the purposes of this subtitle, including reports on evaluations under section 251;

(B) will keep such records and afford such access thereto as the Director may find necessary to assure the correctness and verification of such reports;

(C) will provide to State advisory council members an orientation regarding the provisions of this subtitle and members' responsibilities, including clear, easily understandable information about the State plan; and

(D) will report annually at a meeting of the State advisory council on the State library administrative agency's progress toward meeting the goals and objectives of the State plan;

(8) describe the process for assessing the needs for library and information services within the State, and describe the results of the most recent needs assessment;

(9) establish goals and objectives for achieving within the State the purposes of this subtitle, including the purposes in sections 212(a), 231(a), and 241(a); and

(10) describe how the State library administrative agency, in consultation with the State advisory council, will—

(A) administer this subtitle; and

(B) conduct evaluations under section 251, including a description of the types of evaluation methodologies to be employed.

(c) ACCOUNTABILITY.—Each State plan shall—

(1) establish State-defined performance goals to set forth the level of performance to be achieved by an activity assisted under this subtitle;

(2) express such goals in an objective, quantifiable, and measurable form unless authorized to be in an alternative form in accordance with section 1115(b) of title 31, United States Code;

(3) briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources, required to meet the performance goals;

(4) establish performance indicators in accordance with subsection (d) to be used in measuring or assessing the relevant outputs, service levels, and outcomes, of each activity assisted under this subtitle;

(5) provide a basis for comparing actual program results with the established performance goals; and

(6) describe the means to be used to verify and validate measured values.

(d) PERFORMANCE INDICATORS.—Performance indicators described in subsection (c)(4) shall include—

(1) evidence of progress toward the national library service goals under section 212(a)(3);

(2) consultation with the State educational agency;

(3) identification of activities suitable for nationwide replication; and

(4) progress in improvement of library services provided to children described in section 243(a)(2).

(e) APPROVAL.—

(1) IN GENERAL.—The Director shall approve any State plan under this subtitle that meets the requirements of this subtitle and provides satisfactory assurances that the provisions of such plan will be carried out.

(2) PUBLIC AVAILABILITY.—Each State library administrative agency receiving a grant under this subtitle shall make the State plan available to the public.

(3) ADMINISTRATION.—If the Director determines that the State plan does not meet the requirements of this section, the Director shall—

(A) immediately notify the State library administrative agency of such determination and the reasons for such determination;

(B) offer the State library administrative agency the opportunity to revise its State plan;

(C) provide technical assistance in order to assist the State library administrative agency to meet the requirements of this section; and

(D) provide the State library administrative agency the opportunity for a hearing.

CHAPTER 2—LIBRARY PROGRAMS

Subchapter A—Information Access Through Technology

SEC. 231. GRANTS TO STATES FOR INFORMATION ACCESS THROUGH TECHNOLOGY.

(a) *PURPOSE.*—The purpose of this subchapter is to provide for the improvement of library services to that all people have access to information delivered by libraries through new and emerging technologies, whether the information originates locally, from the State, nationally, or globally.

(b) *GRANTS.*—

(1) *IN GENERAL.*—The Director shall award grants under this subchapter from allotments under section 221(b) to States that have State plans approved under section 224.

(2) *FEDERAL SHARE.*—Grants awarded under paragraph (1) shall be used to pay the Federal share of the cost of activities under section 232 that are described in a State plan approved under section 224.

SEC. 232. AUTHORIZED ACTIVITIES.

Each State that receives a grant under section 231(b) may use the grant funds to provide statewide services and subgrants to public libraries, other types of libraries and library consortia, or library linkages with other entities, in accordance with the State plan. Such services and subgrants shall involve—

- (1) organization, access and delivery of information;
- (2) lifelong learning, and workforce and economic development; or
- (3) support of technology infrastructure.

Subchapter B—Information Empowerment Through Special Services

SEC. 241. GRANTS TO STATES FOR INFORMATION EMPOWERMENT THROUGH SPECIAL SERVICES.

(a) *PURPOSE.*—The purpose of this subchapter is to provide for the improvement of library and information services targeted to persons of all ages and cultures who have difficulty using a library and to communities which are geographically disadvantaged in access to libraries, who or which need special materials or services, or who or which will benefit from outreach services for equity of access to library services and information technologies, including children (from birth through age 17) from families living below the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved).

(b) *GRANTS.*—

(1) *IN GENERAL.*—The Director shall award grants under this subchapter from allotments under section 221(b) to States that have State plans approved under section 224.

(2) *FEDERAL SHARE.*—Grants awarded under paragraph (1) shall be used to pay the Federal share of the cost of the activities under section 242 that are described in a State plan approved under section 224.

SEC. 242. AUTHORIZED ACTIVITIES.

Each State that receives a grant under section 241(b) may use the grant funds to provide statewide services and subgrants to public libraries, other types of libraries and library consortia, or library linkages with other entities, in accordance with the State plan. Such services and subgrants shall involve activities that—

- (1) increase literacy and lifelong learning;
- (2) serve persons in rural, underserved or inner-city areas; or
- (3) support the provision of special services.

SEC. 243. SERVICES FOR CHILDREN IN POVERTY.

(a) *STATE LEVEL RESERVATION.*—

(1) *IN GENERAL.*—Except as provided in subsection (c), from the total amount that each State library administrative agency receives under this subchapter for a fiscal year, such agency shall reserve the amount of funds determined under paragraph (2) to provide assistance to public libraries in the State to enable such libraries to enhance the provision of special services to children described in such paragraph who are served by such libraries.

(2) *AMOUNT.*—

(A) *IN GENERAL.*—Except as provided in subparagraph (B), the amount of funds a State library administrative agency shall reserve under paragraph (1) shall be equal to the sum of—

(i) \$1.50 for every preschooler (birth through age 5) in the State from a family living below the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved); and

(ii) \$1.00 for every school-age child (ages 6 and 17) in the State from such a family.

(B) *MAXIMUM.*—The maximum amount that a State library administrative agency may reserve under paragraph (1) for any fiscal year shall not exceed 15 percent of the total amount such agency receives under this subchapter for such year.

(b) *WITHIN STATE DISTRIBUTION.*—

(1) *IN GENERAL.*—Except as provided in paragraph (2), each public library in a State shall receive under this section for a fiscal year an amount that bears the same relation to the amount the State library administrative agency reserves under subsection (a) for such year as the number of children described in subsection (a)(2) served by such public library for the preced-

ing fiscal year bears to the number of such children served by all public libraries in the State for such preceding fiscal year.

(2) *EXCEPTION.*—

(A) *IN GENERAL.*—If a State library administrative agency determines that the amount available under paragraph (1) for a fiscal year for 2 or more public libraries is too small to be effective, then such agency may aggregate such amounts for such year.

(B) *REQUIREMENTS.*—Each State library administrative agency aggregating amounts under subparagraph (A) for a fiscal year—

(i) shall only aggregate the amount available under paragraph (1) for a public library for a fiscal year if the amount so available for such year is \$3,000 or less; and

(ii) shall use such aggregated amounts to enhance the library services provided to the children described in subsection (a)(2) served by the public libraries for which such agency aggregated such amounts for such year.

(c) *ADJUSTMENTS.*—

(1) *APPROPRIATIONS INCREASE.*—For any fiscal year for which the amount appropriated to carry out this subtitle is greater than the amount appropriated to carry out this subtitle for the preceding fiscal year by a percentage that equals or exceeds 10 percent, the amount each State library administrative agency shall reserve under subsection (a)(2) for the fiscal year for which the determination is made shall be increased by the same such percentage.

(2) *APPROPRIATIONS DECREASE.*—For any fiscal year for which the amount appropriated to carry out this subtitle is less than the amount appropriated to carry out this subtitle for the preceding fiscal year by a percentage that equals or exceeds 10 percent, the amount each State library administrative agency shall reserve under subsection (a)(2) for the fiscal year for which the determination is made shall be decreased by the same such percentage.

(d) *PLAN.*—Each public library desiring assistance under this section shall submit a plan for the expenditure of funds under this section to the State library administrative agency. Such plan shall include a description of how the library will—

(1) identify the children described in subsection (a)(2);

(2) collaborate with community representatives to ensure planning and implementation of appropriate, helpful library services; and

(3) establish indicators of success.

(e) *PRIORITIES.*—Priorities for the use of funds under this section may include activities for children described in subsection (a)(2) such as—

(1) development of after-school homework support and summer and vacation reading programs;

(2) development of family literacy programs;

(3) extension of branch hours to provide space and resources for homework;

- (4) development of coalitions and training programs involving libraries and other service providers in the State;
- (5) development of technological resources;
- (6) hiring specialized outreach staff; and
- (7) development of peer tutoring programs.

CHAPTER 3—ADMINISTRATIVE PROVISIONS

Subchapter A—State Requirements

SEC. 251. STATE EVALUATION.

(a) *IN GENERAL.*—Each State receiving a grant under this subtitle shall annually evaluate, in accordance with subsections (b) and (c), the activities assisted under subchapters A and B of chapter 2.

(b) *SUBCHAPTER A ACTIVITIES.*—Each evaluation of activities assisted under subchapter A of chapter 2 shall include a description of how effective such activities are in ensuring that—

- (1) every American will have affordable access to information resources through electronic networks;
- (2) every public library will be connected to national and international electronic networks;
- (3) every State library agency will promote planning and provide support for full library participation in electronic networks;
- (4) every public librarian will possess the knowledge and skills needed to help people obtain information through electronic sources; and
- (5) every public library will be equipped with the technology needed to help people obtain information in an effective and timely manner.

(c) *SUBCHAPTER B ACTIVITIES.*—

(1) *IN GENERAL.*—Each evaluation of activities assisted under subchapter B of chapter 2 shall include—

(A) with respect to activities to increase literacy and life-long learning—

- (i) an analysis of the current situation in the State;
- (ii) how such activities will meet the needs of the current situation in the State and the target groups to be served; and
- (iii) a report of the effect of such activities in relation to the objectives of such activities;

(B) with respect to activities to serve people in rural and urban areas—

- (i) procedures used to identify library users within a community;
- (ii) a description of needs and target groups to be served;
- (iii) an analysis of the levels of success to be targeted;
- (iv) a report of the effect of such activities in relation to the objectives of such activities; and
- (v) a description of the background of the current level of library service to people in rural and urban areas, and how such activities will extend, improve and further provide library resources to such people;

(C) with respect to activities to support the provision of special services—

- (i) an analysis of the current situation in the State;
- (ii) how such activities will meet the needs of the current situation in the State; and
- (iii) a report of the effect of such activities in relation to the objectives of such activities; and

(D) with respect to activities to serve children under section 243—

- (i) an analysis of the current local situations;
- (ii) a description of such activities, including objectives and costs of such activities; and
- (iii) a report of the effect of such activities in relation to the objectives of such activities.

(2) *INFORMATION.*—Each public library receiving assistance under section 243 shall submit to the State library administrative agency such information as such agency may require to meet the requirements of paragraph (1)(D).

SEC. 252. STATE ADVISORY COUNCILS.

(a) *COUNCILS REQUIRED.*—Each State desiring assistance under this subtitle shall establish a State advisory council.

(b) *COMPOSITION.*—Each State advisory council shall be broadly representative of the library entities in the State, including public, school, academic, special and institutional libraries, and libraries serving individuals with disabilities.

(c) *DUTIES.*—Each State advisory council shall—

- (1) consult with the State library administrative agency regarding the development of the State plan;
- (2) advise the State library administrative agency on the development of, and policy matters arising in the administration of, the State plan, including mechanisms for evaluation;
- (3) assist the State library administrative agency in—
 - (A) the dissemination of information regarding activities assisted under this subtitle; and
 - (B) the evaluation of activities assisted under this subtitle; and
- (4) establish bylaws to carry out such council's duties under this subsection.

Subchapter B—Federal Requirements

SEC. 261. SERVICES FOR INDIAN TRIBES.

(a) *GRANTS AUTHORIZED.*—From amounts reserved under section 221(a)(1) for any fiscal year the Director shall award grants to organizations primarily serving and representing Indian tribes to enable such organizations to carry out the authorized activities described in subsection (b).

(b) *AUTHORIZED ACTIVITIES.*—Grant funds awarded under this section may be used for—

- (1) inservice or preservice training of Indians as library personnel;
- (2) the purchase of library materials;
- (3) the conduct of special library programs for Indians;
- (4) salaries of library personnel;

(5) transportation to enable Indians to have access to library services;

(6) dissemination of information about library services;

(7) assessment of tribal library needs; and

(8) contracts to provide public library services to Indians living on or near reservations or to accomplish any activities described in paragraphs (1) through (7).

(c) *PROHIBITION.*—No funds shall be awarded pursuant to this section unless such funds will be administered by a librarian.

(d) *DUPLICATION.*—In awarding grants under this section, the Director shall take such actions as may be necessary to prevent the grant funds provided under this section from being received by any 2 or more entities to serve the same population.

(e) *MAINTENANCE OF EFFORT.*—Each organization that receives a grant under this section and supports a public library system shall continue to expend from Federal, State, and local sources an amount not less than the amount expended by such organization from such sources for public library services during the second fiscal year preceding the fiscal year for which the determination is made.

(f) *CONSTRUCTION.*—Nothing in this section shall be construed to prohibit the dissemination of restricted collections of tribal cultural materials with funds made available under this section.

(g) *APPLICATION.*—

(1) *IN GENERAL.*—Any organization which desires to receive a grant under this section shall submit an application to the Director that—

(A) describes the activities and services for which assistance is sought; and

(B) contains such information as the Director may require by regulation.

(2) *CRITERIA.*—The Director shall issue criteria for the approval of applications under this section, but such criteria shall not include—

(A) an allotment formula; or

(B) a matching of funds requirement.

SEC. 262. NATIONAL LEADERSHIP PROGRAM.

(a) *IN GENERAL.*—From the amounts reserved under section 221(a)(2) for any fiscal year the Director shall establish and carry out a program of national leadership and evaluation activities to enhance the quality of library services nationwide. Such activities may include—

(1) education and training of persons in library and information science, particularly in areas of new technology and other critical needs, including graduate fellowships, traineeships, institutes, or other programs;

(2) research and demonstration projects related to the improvement of libraries, education in library and information science, enhancement of library services through effective and efficient use of new technologies, and dissemination of information derived from such projects; and

(3) preservation or digitization of library materials and resources, giving priority to projects emphasizing coordination, avoidance of duplication, and access by researchers beyond the institution or library entity undertaking the project.

(b) GRANTS OR CONTRACTS.—

(1) IN GENERAL.—The Director may carry out the activities described in subsection (a) by awarding grants to, or entering into contracts with, library entities, agencies, or institutions of higher education.

(2) COMPETITIVE BASIS.—Grants and contracts described in paragraph (1) shall be awarded on a competitive basis.

(c) SPECIAL RULE.—The Director, with policy advice from the Museum Board shall make every effort to ensure that activities assisted under this section are administered by appropriate library and information services professionals or experts and science professionals or experts.

SEC. 263. STATE AND LOCAL INITIATIVES.

Nothing in this subtitle shall be construed to interfere with State and local initiatives and responsibility in the conduct of library services. The administration of libraries, the selection of personnel and library books and materials, and insofar as consistent with the purposes of this subtitle, the determination of the best uses of the funds provided under this subtitle, shall be reserved to the States and their local subdivisions.

Subtitle C—Museum Services

SEC. 271. PURPOSE.

It is the purpose of this subtitle—

(1) to encourage and assist museums in their educational role, in conjunction with formal systems of elementary, secondary, and postsecondary education and with programs of nonformal education for all age groups;

(2) to assist museums in modernizing their methods and facilities so that the museums may be better able to conserve the cultural, historic, and scientific heritage of the United States; and

(3) to ease the financial burden borne by museums as a result of their increasing use by the public.

SEC. 272. DEFINITIONS.

As used in this subtitle, the term “museum” means a public or private nonprofit agency or institution organized on a permanent basis for essentially educational or aesthetic purposes, that utilizes a professional staff, owns or utilizes tangible objects, cares for the tangible objects, and exhibits the tangible objects to the public on a regular basis.

SEC. 273. MUSEUM SERVICES ACTIVITIES.

(a) GRANTS.—The Director, subject to the policy direction of the Museum Board, may make grants to museums to pay for the Federal share of the cost of increasing and improving museum services, through such activities as—

(1) programs to enable museums to construct or install displays, interpretations, and exhibitions in order to improve museum services to the public;

(2) assisting museums in developing and maintaining professionally trained or otherwise experienced staff to meet their needs;

(3) assisting museums in meeting their administrative costs in preserving and maintaining their collections, exhibiting the collections to the public, and providing educational programs to the public through the use of the collections;

(4) assisting museums in cooperating with each other in developing traveling exhibitions, meeting transportation costs, and identifying and locating collections available for loan;

(5) assisting museums in conservation of their collections; and

(6) developing and carrying out specialized programs for specific segments of the public, such as programs for urban neighborhoods, rural areas, Indian reservations, and penal and other State institutions.

(b) **CONTRACTS AND COOPERATIVE AGREEMENTS.**—

(1) **PROJECTS TO STRENGTHEN MUSEUM SERVICES.**—The Director, subject to the policy direction of the Museum Board, is authorized to enter into contracts and cooperative agreements with appropriate entities to pay for the Federal share of enabling the entities to undertake projects designed to strengthen museum services, except that any contracts or cooperative agreements entered into pursuant to this subsection shall be effective only to such extent or in such amounts as are provided in appropriations Acts.

(2) **LIMITATION ON AMOUNT.**—The aggregate amount of financial assistance made available under this subsection for a fiscal year shall not exceed 15 percent of the amount appropriated under this subtitle for such fiscal year.

(3) **OPERATIONAL EXPENSES.**—No financial assistance may be provided under this subsection to pay for operational expenses.

(c) **FEDERAL SHARE.**—

(1) **50 PERCENT.**—Except as provided in paragraph (2), the Federal share described in subsections (a) and (b) shall be not more than 50 percent.

(2) **100 PERCENT.**—The Director may use not more than 20 percent of the funds made available under this section for a fiscal year to make grants under subsection (a), or enter into contracts or agreements under subsection (b), for which the Federal share may be 100 percent.

(d) **REVIEW AND EVALUATION.**—The Director shall establish procedures for reviewing and evaluating grants, contracts, and cooperative agreements made or entered into under this section. Procedures for reviewing grant applications or contracts and cooperative agreements for financial assistance under this section shall not be subject to any review outside of the Institute.

SEC. 274. ASSESSMENTS.

(a) **IN GENERAL.**—The Director, subject to the policy direction of the Museum Board and in consultation with appropriate representatives of museums and other types of community institutions, agencies, and organizations, shall undertake an assessment of the collaborative possibilities museums can engage in to serve the public more broadly and effectively.

(b) **CONTENTS.**—The assessment shall include—

(1) an investigation of opportunities to establish collaborative programs between museums within a community, including an

investigation of the role that larger institutions can play as mentors to smaller institutions;

(2) an investigation of opportunities to establish collaborative programs between museums and community organizations;

(3) an investigation of the potential for collaboration between museums on technology issues to reach a broader audience; and

(4) an investigation of opportunities for museums to work with each other and with other community resources to serve the public better and to coordinate professional and financial development activities.

(c) LIMITATION.—This section shall not apply in any fiscal year for which the amount appropriated under section 277(a) is less than \$28,700,000.

SEC. 275. AWARD.

The Director, with the advice of the Museum Board, may annually award a National Award for Museum Service to outstanding museums that have made significant contributions in service to their communities.

SEC. 276. NATIONAL MUSEUM SERVICES BOARD.

(a) ESTABLISHMENT.—There is established in the Institute a National Museum Services Board.

(b) COMPOSITION AND QUALIFICATIONS.—

(1) COMPOSITION.—The Museum Board shall consist of the Director and 14 members appointed by the President, by and with the advice and consent of the Senate.

(2) QUALIFICATIONS.—The appointive members of the Museum Board shall be selected from among citizens of the United States—

(A) who are members of the general public;

(B) who are or have been affiliated with—

(i) resources that, collectively, are broadly representative of the curatorial, conservation, educational, and cultural resources of the United States; and

(ii) museums that, collectively, are broadly representative of various types of museums, including museums relating to science, history, technology, and art, zoos, and botanical gardens; and

(C) who are recognized for their broad knowledge, expertise, or experience in museums or commitment to museums.

(3) GEOGRAPHIC AND OTHER REPRESENTATION.—Members of the Museum Board shall be appointed to reflect persons from various geographic regions of the United States. The Museum Board may not include, at any time, more than 3 members from a single State. In making such appointments, the President shall give due regard to equitable representation of women, minorities, and persons with disabilities who are involved with museums.

(c) TERMS.—

(1) IN GENERAL.—Each appointive member of the Museum Board shall serve for a term of 5 years, except that—

(A) of the members first appointed, 3 shall serve for terms of 5 years, 3 shall serve for terms of 4 years, 3 shall serve for terms of 3 years, 3 shall serve for terms of 2 years, and

2 shall serve for terms of 1 year, as designated by the President at the time of nomination for appointment; and

(B) any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed.

(2) REAPPOINTMENT.—No member of the Museum Board who has been a member for more than 7 consecutive years shall be eligible for reappointment.

(3) SERVICE UNTIL SUCCESSOR TAKES OFFICE.—Notwithstanding any other provision of this subsection, a member shall serve after the expiration of the term of the member until the successor to the member takes office.

(d) DUTIES AND POWERS.—The Museum Board shall have the responsibility for general policies with respect to the duties, powers and authorities vested in the Institute relating to museum services, including general policies with respect to—

(1) financial assistance awarded under this title for museum services;

(2) projects described in section 204(c)(2); and

(3) measures to ensure that the policies and activities of the Institute for Museum and Library Services are coordinated with other activities of the Federal Government.

(e) CHAIRPERSON.—The President shall designate 1 of the appointive members of the Museum Board as Chairperson of the Museum Board.

(f) MEETINGS.—

(1) IN GENERAL.—The Museum Board shall meet—

(A) not less than 3 times each year, including—

(i) not less than 2 times each year separately; and

(ii) not less than 1 time each year in a joint meeting with the Commission, convened for purposes of making general policies with respect to financial assistance for projects described in section 204(c)(2); and

(B) at the call of the Director.

(2) VOTE.—All decisions by the Museum Board with respect to the exercise of the duties and powers of the Museum Board shall be made by a majority vote of the members of the Museum Board who are present. All decisions by the Commission and the Museum Board with respect to the policies described in paragraph (1)(A)(ii) shall be made by a 213 majority vote of the total number of the members of the Commission and the Museum Board who are present.

(g) QUORUM.—A majority of the members of the Museum Board shall constitute a quorum for the conduct of business at official meetings of the Museum Board, but a lesser number of members may hold hearings. A majority of the members of the Commission and a majority of the members of the Museum Board shall constitute a quorum for the conduct of business at official joint meetings of the Commission and the Museum Board.

(h) COMPENSATION AND TRAVEL EXPENSES.—

(1) COMPENSATION.—Each member of the Museum Board who is not an officer or employee of the Federal Government shall be compensated at a rate to be fixed by the President, but not to exceed the daily equivalent of the maximum rate author-

ized for a position above grade GS-15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Museum Board. All members of the Museum Board who are officers or employees of the Federal Government shall serve without compensation in addition to compensation received for their services as officers or employees of the Federal Government.

(2) TRAVEL EXPENSES.—The members of the Museum Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent, as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

(i) COORDINATION.—The Museum Board, with the advice of the Director, shall take steps to ensure that the policies and activities of the Institute are coordinated with other activities of the Federal Government.

SEC. 277. AUTHORIZATION OF APPROPRIATIONS.

(a) GRANTS.—For the purpose of carrying out this subtitle, there are authorized to be appropriated to the Director \$28,700,000 for the fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000.

(b) ADMINISTRATION.—Not more than 10 percent of the funds appropriated under this section for a fiscal year may be used to pay for the administrative costs of carrying out this subtitle.

(c) JOINT PROJECTS.—Not less than 5 percent and not more than 7 percent of the funds appropriated under this section for a fiscal year may be made available for projects described in section 204(c)(2) for the fiscal year.

(d) SUMS REMAINING AVAILABLE.—Sums appropriated pursuant to subsection (a) for any fiscal year shall remain available for obligation until expended.

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TITLE 20, UNITED STATES CODE

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE ACT

SEC. 1504. * * *

(a) * * *

* * * * *

(b) The Commission shall have the responsibility to advise the Director of the Institute of Museum and Library Services on general policies with respect to the duties and powers vested in the Institute of Museum and Library Services relating to library services, including—

(1) general policies with respect to—

(A) financial assistance awarded under the Museum and Library Services Act for library services; and

(B) projects described in section 204(c)(2) of such Act; and

(2) measures to ensure that the policies and activities of the Institute of Museum and Library Services are coordinated with other activities of the Federal Government.

(c)(1) The Commission shall meet not less than 1 time each year in a joint meeting with the National Museum Services Board, convened for purposes of providing advice on general policy with respect to financial assistance for projects described in section 204(c)(2) of such Act.

(2) All decisions by the Commission and the National Museum Services Board with respect to the advice on general policy described in paragraph (1) shall be made by a $\frac{2}{3}$ majority vote of the total number of the members of the Commission and the National Museum Services Board who are present.

(3) A majority of the members of the Commission and a majority of the members of the National Museum Services Board shall constitute a quorum for the conduct of business at official joint meetings of the Commission and the National Museum Services Board.

[(b)] (d) CONTRACT AUTHORITY.—The Commission is authorized to contract with Federal agencies and other public and private agencies to carry out any of its functions under subsection (a) and to publish and disseminate such reports, findings, studies, and records as it deems appropriate.

[(c)] (e) HEARINGS.—The Commission is further authorized to conduct such hearings at such times and places as it deems appropriate for carrying out the purposes of this Act.

[(d)] (f) COOPERATION WITH OTHER AGENCIES.—The heads of all Federal agencies are, to the extent not prohibited by law, directed to cooperate with the Commission in carrying out the purposes of this Act.

SEC. 1505. MEMBERSHIP.—

(a) APPOINTMENT; TERMS OF OFFICE; CHAIRMAN; VACANCIES.—The Commission shall be composed of the [Librarian of Congress] Librarian of Congress, the Director of the Institute of Museum and Library Services (who shall serve as an *ex officio*, nonvoting member), and fourteen members appointed by the President, by and with the advice and consent of the Senate. Five members of the Commission shall be professional librarians or information specialists, and the remainder shall be persons having [special competence or interest in] *special competence in or knowledge of* the needs of our society for library and information services, at least one of whom shall be knowledgeable with respect to the technological aspects of library and information services and sciences and at least one other of whom shall be knowledgeable *with respect to the library and information service and science needs of the elderly*. One of the *appointive* members of the Commission shall be designated by the President as Chairman of the Commission. A majority of members of the Commission shall constitute a quorum for conduct of business at official meetings of the Commission. The terms of office of the appointive members of the Commission shall be five years, except that (1) the term of office of any member of the Commission shall continue until the earlier of (A) the date on which the member's successor has been appointed by the President; or (B) July 19 of the year succeeding the year in which the member's appointed term of office shall expire, and (2) a member ap-

pointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such [term, and at least one other of whom shall be knowledgeable with respect to the library and information service and science needs of the elderly] *term*.

(b) Compensation; travel expenses. Members of the Commission who are not in the regular full-time employ of the United States shall, while attending meetings or conferences of the Commission or otherwise engaged in the business of the Commission, be entitled to receive compensation at a rate fixed by the Chairman, but not exceeding [the rate specified at the time of such service for grade GS-18 in section 5332 of title 5, United States Code, including traveltime, and while] *the daily equivalent of the maximum rate authorized for a position above grade GS-15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including traveltime) during which the members are engaged in the business of the Commission*. While so serving on the business of the Commission away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

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TITLE 20, UNITED STATES CODE

LIBRARY SERVICES AND CONSTRUCTION ACT

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[SEC. 351. DECLARATION OF POLICY.—

[(a) It is the purpose of this Act to assist the States in the extension and improvement of public library services to areas and populations of the States which are without such services or to which such services are inadequate and to assist Indian tribes in planning and developing library services to meet their needs. It is the further purpose of this Act to assist with—

[(1) public library construction and renovation;

[(2) improving State and local public library services for older Americans, and for handicapped, institutionalized, and other disadvantaged individuals;

[(3) strengthening State library administrative agencies;

[(4) promoting interlibrary cooperation and resource sharing among all types of libraries;

[(5) strengthening major urban resource libraries; and

[(6) increasing the capacity of libraries to keep up with rapidly changing information technology.

[(b) Nothing in this Act shall be construed to interfere with State and local initiative and responsibility in the conduct of library services. The administration of libraries, the selection of personnel and library books and materials, and, insofar as consistent with the purposes of this Act, the determination of the best uses of the

funds provided under this Act shall be reserved to the States and their local subdivisions and Indian tribes.】

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TITLE 20, UNITED STATES CODE

HIGHER EDUCATION ACT

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【SEC. 1021. PURPOSE; AUTHORIZATION.—

【(a) PURPOSE.—The Secretary shall carry out a program to assist—

【(1) college and university libraries in acquiring technological equipment and in conducting research in information technology in accordance with part A

【(2) in the education and training of persons in library and information science and to encourage research and development relating to improvement of libraries (including the promotion of economical and effective information delivery, cooperative efforts, and developmental projects) in accordance with part B;

【(3) the Nation's major research libraries, in maintaining and strengthening their collections, and in making information resources available to other libraries whose users have need for research materials in accordance with part C;

【(4) historically black colleges and universities and other minority-serving institutions with programs in library and information sciences to train and educate African-Americans and other underrepresented racial, national origin, and ethnic minorities in such programs in accordance with part D.

【(b) AUTHORIZATION OF APPROPRIATIONS.—

【(1) Part A. There are authorized to be appropriated to carry out part A \$20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

【(2) Part B. There are authorized to be appropriated to carry out part B \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

【(3) Part C. There are authorized to be appropriated to carry out part C \$20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

【(4) Part D. There are authorized to be appropriated to carry out part D \$15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.】

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TITLE 20, UNITED STATES CODE

OMNIBUS EDUCATION RECONCILIATION ACT OF 1981

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SEC. 3489. * * *

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[(12) the Library Services and Construction Act;]
 [(13)] (12) the Navajo Community College Act and the Trib-
 ally Controlled Community College Assistance Act of 1978;
 [(14)] (13) part C of title IX of the Elementary and Second-
 ary Education Act of 1965, relating to Women's Educational
 Equity; and
 [(15)] (14) title VII of the Elementary and Secondary Edu-
 cation Act of 1965.

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TITLE 20, UNITED STATES CODE

ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

SEC. 6813. * * *

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(10) the term "State library administrative agency" has the
 same meaning given to such term in [section 3 of the Library
 Services and Construction Act] *section 213(7) of the Library
 Services and Technology Act*; and

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TITLE 40, UNITED STATES CODE

COMMUNITY IMPROVEMENT VOLUNTEER ACT OF 1994

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SEC. 276d-3. CONTRACTS AFFECTED.—

For purposes of sections 7303 and 7304, the Acts or provisions
described in this section are—

[(1) the Library Services and Construction Act;]

[(2)] (1) the Indian Self-Determination and Education As-
sistance Act;

[(3)] (2) section 329 of the Public Health Service Act;

[(4)] (3) section 330 of the Public Health Service Act;

[(5)] (4) the Indian Health Care Improvement Act; and

[(6)] (5) the Housing and Community Development Act of
1974.

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TITLE, 42, UNITED STATES CODE

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

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SEC. 3338. * * *

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(2) "Areawide development project" means a project assisted or to
 be assisted under section 702 of the Housing and Urban Develop-

ment Act of 1965; [title II of the Library Services and Construction Act;] section 606 of the Public Health Service Act; section 8 of the Federal Water Pollution Control Act; section 120(a) of title 23, United States Code; section 12 of the Federal Airport Act; section 19 of the Airport and Airway Development Act of 1970; section 3 of the Urban Mass Transportation Act of 1964; title VII of the Housing Act of 1961; or section 5(e) of the Land and Water Conservation Fund Act of 1965; or under section 101(a)(1) of the Public Works and Economic Development Act of 1965 (for a project of a type which the Secretary determines to be eligible for assistance under any of the other provisions listed above).

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TITLE 48, UNITED STATES CODE

PUBLIC LAW 87-688

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SEC. 1666. * * *

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(c) The Secretary of Health, Education, and Welfare may extend to American Samoa the benefits of the Vocational Education Act of 1946 (60 Stat. 775; 20 U.S.C. 15i et seq.), [the Library Services Act (70 Stat. 293; 20 U.S.C. 351 et seq.),] the Hospital Survey and Construction Act (Act of August 13, 1946; 60 Stat. 1040; 42 U.S.C. 291 et. seq.), and section 314 of the Public Health Service Act (58 Stat. 693; 42 U.S.C. 246), all as amended.

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TITLE 5, UNITED STATES CODE

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SEC. 5315. * * *

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TITLE 5, UNITED STATES CODE

INSPECTOR GENERAL ACT OF 1978

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SEC. 8G. REQUIREMENTS FOR FEDERAL ENTITIES AND DESIGNATED FEDERAL ENTITIES.

(a) Notwithstanding section 11 of this Act, as used in this section—

(1) * * *

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(2) the term “designated Federal entity” means Amtrak, the Appalachian Regional Commission, the Board of Governors of the Federal Reserve System, the Board for International Broadcasting, the Commodity Futures Trading Commission,

the Consumer Product Safety Commission, the Corporation for Public Broadcasting, the Equal Employment Opportunity Commission, the Farm Credit Administration, the Federal Communications Commission, the Federal Deposit Insurance Corporation, the Federal Election Commission, the Federal Housing Finance Board, the Federal Labor Relations Authority, the Federal Maritime Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Legal Services Corporation, the National Archives and Records Administration, the National Credit Union Administration, [the National Endowment for the Arts, the National Endowment for the Humanities,] *the portion of the National Foundation on the Arts and the Humanities consisting of the National Endowment for the Arts and the National Endowment for the Humanities*, the National Labor Relations Board, the National Science Foundation, the Panama Canal Commission, the Peace Corps, the Pension Benefit Guaranty Corporation, the Securities and Exchange Commission, the Smithsonian Institution, the Tennessee Valley Authority, the United States International Trade Commission, and the United States Postal Service;

* * * * *

(4) the term “head of the designated Federal entity” means any person or persons designated by statute as the head of a designated Federal entity and if no such designation exists, the chief policymaking officer or board of a designated Federal entity as identified in the list published pursuant to subsection (h)(1) of this section, [except that with respect to the National Science Foundation, such term means the National Science Board;] *except that—*

(A) *with respect to the National Science Foundation, such term means the National Science Board; and*

(B) *with respect to the National Endowment for the Arts and the National Endowment for the Humanities, the term means the Chairperson of the National Endowment for the Arts with respect to matters relating to the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities with respect to matters relating to the Chairperson of the National Endowment for the Humanities;*

* * * * *

(c) Except as provided under subsection (f) of this section, the Inspector General shall be appointed by the head of the designated Federal entity in accordance with the applicable laws and regulations governing appointments within the designated Federal entity, *except that the Inspector General for the National Endowment for the Arts and the National Endowment for the Humanities shall be jointly appointed by the Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities.*

(d) Each Inspector General shall report to and be under the general supervision of the head of the designated Federal entity, but shall not report to, or be subject to supervision by, any other officer or employee of such designated Federal entity, *except as provided*

in section 103 of the National Foundation on the Arts and the Humanities Act of 1965. The head of the designated Federal entity shall not prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation.

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【Director of the Institute of Museum Services.】 *Director of the Institute of Museum and Library Services.*

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TITLE 5, UNITED STATES CODE

DEPARTMENT OF EDUCATION ORGANIZATION ACT

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SEC. 3441. * * *

(a) * * *

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【(5) all functions of the Institute of Museum Services of the Department of Health, Education, and Welfare, and of the Director thereof;】

【(6)】 (5) all functions of the Advisory Council on Education Statistics; and

【(7)】 (6) all functions of the Federal Education Data Acquisition Council.

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(b) * * *

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【(4) the Institute of Museum Services of the Department of Health, Education, and Welfare;】

【(5)】 (4) the Advisory Council on Education Statistics;

【(6)】 (5) the Federal Education Data Acquisition Council; and

【(7)】 (6) any advisory committee of the Department of Health, Education, and Welfare giving advice or making recommendations that primarily concern education functions transferred by this section.

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TITLE 20, UNITED STATES CODE

ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

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SEC. 6621. * * *

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(b) REQUIREMENTS.—In carrying out the activities described in subsection (a), the Secretary shall coordinate professional development programs within the Department, particularly with those pro-

grams within the Office of Educational Research and Improvement and the Office of Special Education and Rehabilitative Services, and shall consult and coordinate with the National Science Foundation, the National Endowment for the Humanities, the National Endowment for the Arts, the [Institute of Museum Services] *Institute of Museum and Library Services*, and other appropriate Federal agencies and entities.

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SEC. 6645. * * *

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(c) * * *

(1) * * *

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(D) funds received from other Federal agencies, such as the National Science Foundation, the Departments of Commerce, Energy, and Health and Human Services, the National Endowment for the Arts, the [Institute of Museum Services,] *Institute of Museum and Library Services*, and the National Endowment for the Humanities; and

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SEC. 6648. * * *

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(d) * * *

(1) * * *

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(H) * * *

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(v) funds or programming from other Federal agencies, such as the National Science Foundation, the Department of Energy, the Department of Health and Human Services, the [Institute of Museum Services] *Institute of Museum and Library Services*, the National Endowment for the Humanities, and the National Endowment for the Arts;

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SEC. 6649. * * *

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(b) * * *

(1) * * *

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(C) * * *

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(vi) programs that are related to the purposes of this Act that are administered by other Federal agencies, including the National Science Foundation, the National Endowment for the Humanities, the National

Endowment for the Arts, the [Institute of Museum Services] *Institute of Museum and Library Services*, and the Department of Energy.

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SEC. 8091. * * *

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(d) * * *

(6) supporting collaborative activities with other Federal agencies or institutions involved in arts education, such as the National Endowment for the Arts, the [Institute of Museum Services] *Institute of Museum and Library Services*, the John F. Kennedy Center for the Performing Arts, Very Special Arts, and the National Gallery of Art;

* * *
(e) * * *

(2) SPECIAL RULE.—In carrying out this subpart, the Secretary shall coordinate with the National Endowment for the Arts, the [Institute of Museum Services] *Institute of Museum and Library Services*, the John F. Kennedy Center for the Performing Arts, Very Special Arts, and the National Gallery of Art.

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SEC. 8102. * * *

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(b) * * *

(2) PARTNERSHIP.—An interagency partnership comprised of the Secretary of Education, [the Chairman of the National Endowment for the Humanities, the Chairman of the National Endowment for the Arts, and the Director of the Institute of Museum Services,] *the Chairperson of the National Endowment for the Humanities, the Chairperson of the National Endowment for the Arts, and the Institute of Museum and Library Services*, or their designees, shall establish criteria and procedures for awarding grants, including the establishment of panels to review the applications, and shall administer the grants program authorized by this section. The Secretary shall publish such criteria and procedures in the Federal Register.

* * *
(7) MODELS.—The Secretary, in consultation with [the Chairman of the National Endowment for the Humanities, the Chairman of the National Endowment for the Arts and the Director of the Institute of Museum Services,] *the Chairperson of the National Endowment for the Humanities, the Chairperson of the National Endowment for the Arts, and the Institute of Museum and Library Services*, or their designees, shall submit

successful models under this title to the National Diffusion Network for review.

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SEC. 8104. * * *

(a) * * *

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(2) * * *

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(B)

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[(iii) the Institute of Museum Services.] *(iii) the Institute of Museum and Library Services.*

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TITLE 20, UNITED STATES CODE

HIGHER EDUCATION ACT OF 1965

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[SEC. 1221i. OFFICE OF LIBRARIES AND LEARNING RESOURCES.—

[(a) ESTABLISHMENT; ADMINISTRATION OF SPECIFIED PROGRAMS.—There is established, in the Office of Education, an Office of Libraries and Learning Resources (hereafter in this section referred to as the “Office”), through which the Commissioner shall administer all programs in the Office of Education related to assistance for, and encouragement of, libraries and information centers and education technology.

[(b) DIRECTOR OF OFFICE; DELEGATION OF FUNCTIONS.—The Office shall be headed by a Director, to whom the Commissioner shall delegate his delegable functions with respect to the programs administered through the Office.]

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TITLE 20, UNITED STATES CODE

DEPARTMENT OF EDUCATION ORGANIZATION ACT

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SEC. 3473.

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(b) * * *

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[(H) the Office of Libraries and Learning Resources;]

[(I)] *(H)* the Office of Indian Education;

[(J)] *(J)* the Office of Career Education;

[(K)] *(J)* the Office of Non-Public Education;

[(L)] *(K)* the bureau for the education and training for the handicapped; and

[(M)] (L) the administrative units for guidance an counseling programs, the veterans' cost of instruction program, and the program for the gifted and talented children.

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TITLE 20, UNITED STATES CODE

ARTS AND ARTIFACTS INDEMNITY ACT

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[SEC. 971. AGREEMENTS TO INDEMNIFY AGAINST LOSS OR DAMAGE.—

[(a) AUTHORIZATION OF FEDERAL COUNCIL ON THE ARTS AND HUMANITIES.—The Federal Council on the Arts and Humanities (hereinafter in this Act referred to as the “Council”), established under section 9 of the National Foundation on the Arts and the Humanities Act of 1965. 958, is authorized to make agreements to indemnify against loss or damage such items as may be eligible for such indemnity agreements under section 3—

[(1) in accordance with the provisions of this Act; and

[(2) on such terms and conditions as the Council shall prescribe, by regulation, in order to achieve the purposes of this Act and, consistent with such purposes, to protect the financial interest of the United States.

[(b) Council as “agency”.

[(1) For purposes of this Act, the Council shall be an “agency” within the meaning of the appropriate definitions of such term in title 5, United States Code.

[(2) For purposes of this Act, the Secretary of the Smithsonian Institution, the Director of the National Gallery of Art, the member designated by the Chairman of the Senate Commission of Art and Antiquities and the member designated by the Speaker of the House of Representatives shall not serve as members of the Council.

[SEC. 972. ITEMS ELIGIBLE FOR INDEMNITY AGREEMENTS.—

[(a) WORKS OF ART; PRINTED OR PUBLISHED MATERIALS; OTHER ARTIFACTS OR OBJECTS; PHOTOGRAPHS, MOTION PICTURES, OR TAPES.—The Council may make an indemnity agreement under this Act with respect to—

[(1) works of art, including tapestries, paintings, sculpture, folk art, graphics, and craft arts;

[(2) manuscripts, rare documents, books, and other printed or published materials;

[(3) other artifacts or objects; and

[(4) photographs, motion pictures, or audio and video tape; which are (A) of educational, cultural, historical, or scientific value, and (B) the exhibition of which is certified by the Secretary of State or his designee as being in the national interest.

[(b) EXTENSION OF COVERAGE; “ON EXHIBITION” DEFINED.—

[(1) An indemnity agreement made under this Act shall cover eligible items while on exhibition in the United States or elsewhere preferably when part of an exchange of exhibitions.

[(2) Four purposes of this subsection, the term “on exhibition” includes that period of time beginning on the date the eligible items leave the premises of the lender or place designated by lender and ending on the date such items are returned to the premises of the lender or place designated by the lender.

[SEC. 973. APPLICATION FOR INDEMNITY AGREEMENT.—

[(a) PARTIES.—Any person, nonprofit agency, institution, or government desiring to make an indemnity agreement for eligible items under this Act shall make application therefor in accordance with such procedures, in such form, and in such manner as the Council shall, by regulation, prescribe.

[(b) CONTENTS.—An application under subsection (a) shall—

[(1) describe each item to be covered by the agreement (including an estimated value of such item);

[(2) show evidence that the items are eligible under section 3(a); and

[(3) set forth policies, procedures, techniques, and methods with respect to preparation for, and conduct of, exhibition of the items, and any transportation related to such items.

[(c) APPROVAL.—Upon receipt of an application under this section, the Council shall, if such application conforms with the requirements of this Act, approve the application and make an indemnity agreement with the applicant. Upon such approval, the agreement shall constitute a contract between the Council and the applicant pledging the full faith and credit of the United States to pay any amount for which the Council becomes liable under such agreement. The Council, for such purpose, is hereby authorized to pledge the full faith and credit of the United States.

[SEC. 974. INDEMNITY LIMITS.—

[(a) APPROVAL OF ESTIMATED VALUES.—Upon receipt of an application meeting the requirements of subsections (a) and (b) of section 4, the Council shall review the estimated value of the items for which coverage by an indemnity agreement is sought. If the Council agrees with such estimated value, for the purposes of this Act, the Council shall, after approval of the application as provided in subsection (c) of section 4, make an indemnity agreement.

[(b) MAXIMUM LIMITS OF COVERAGE.—The aggregate of loss or damages covered by indemnity agreements made under this Act shall not exceed \$3,000,000,000 at any one time.

[(c) LIMIT FOR SINGLE EXHIBITION.—No indemnity agreement for a single exhibition shall cover loss or damage in excess of \$300,000,000.

[(d) DEDUCTIBLE LIMIT.—If the estimated value of the items covered by an indemnity agreement for a single exhibition is—

[(1) \$2,000,000 or less, then coverage under this Act shall extend only to loss or damage in excess of the first \$15,000 of loss or damage to items covered;

[(2) more than \$2,000,000 but less than \$10,000,000, then coverage under this Act shall extend only to loss or damage in excess of the first \$25,000 of loss or damage to items covered;

[(3) not less than \$10,000,000 but less than \$125,000,000, then coverage under this Act shall extend to loss or damage in excess of the first \$50,000 of loss or damage to items covered;

[(4) not less than \$125,000,000 but less than \$200,000, then coverage under this Act shall extend to loss or damage in excess of the first \$100,000 of loss or damage to items covered; or

[(5) \$200,000,000 or more, then coverage under the Act shall extend only to loss or damage in excess of the first \$200,000, of loss or damage to items covered.

[SEC. 975. CLAIMS FOR LOSSES.—

[(a) REGULATIONS FOR PROMPT ADJUSTMENTS.—The Council shall prescribe regulations providing for prompt adjustment of valid claims for losses which are covered by an agreement made pursuant to section 5 including provision for arbitration of issues relating to the dollar value of damages involving less than total loss or destruction of such covered objects.

[(b) CERTIFICATION.—In the case of a claim of loss with respect to an item which is covered by an agreement made pursuant to section 5, the Council shall certify the validity of the claim and the amount of the loss to the Speaker of the House of Representatives and the President pro tempore of the Senate.

[SEC. 976. AUTHORIZATION OF APPROPRIATIONS.—

[There are hereby authorized to be appropriated such sums as may be necessary (1) to enable the Council to carry out its functions under this Act, and (2) pay claims certified pursuant to section 6(b)]

[SEC. 977. ANNUAL REPORT TO CONGRESS.—

[The Council shall report annually to the Congress (1) all claims actually paid pursuant to this Act during the preceding fiscal year, (2) pending claims against the Council under this Act as of the close of that fiscal year, and (3) the aggregate face value of contracts entered into by the Council which are outstanding at the close of that fiscal year.]

SECTION. 1. SHORT TITLE.

This Act may be cited as the “Arts and Artifacts Indemnity Act”.

SEC. 2. INDEMNITY FOR EXHIBITIONS OF ARTS AND ARTIFACTS.

The Chairperson of the National Endowment for the Arts (referred to in this title as the “Chairperson”) may enter into agreements to indemnify against loss or damage such items as may be eligible for such indemnity agreements under section 3—

(1) in accordance with the provisions of this Act; and

(2) on such terms and conditions as the Chairperson shall prescribe, by regulation, in order to achieve the objectives of this Act and, consistent with such objectives, to protect the financial interest of the United States.

SEC. 3. ELIGIBLE ITEMS.

(a) TYPES OF ITEMS.—The Chairperson may enter into an indemnity agreement under section 2 with respect to items—

(1) that are—

(A) works of art, including tapestries, paintings, sculpture, folk art, and graphics and craft arts;

(B) manuscripts, rare documents, books, or other printed or published materials;

(C) other artifacts or objects; or

- (D) photographs, motion pictures, or audio and video tape;
- (2) that are of educational, cultural, historical, or scientific value; and
- (3) the exhibition of which is certified (where appropriate) by the Secretary of State or the designee of the Secretary of State as being in the national interest.

(b) ITEMS ON EXHIBITION.—

(1) *SCOPE.*—An indemnity agreement made under this Act shall cover eligible items while on exhibition, generally when the items are part of an exchange of exhibitions. An item described in subsection (a) that is part of an exhibition that originates either in the United States or outside the United States and that is touring the United States shall be considered to be an eligible item.

(2) *DEFINITION.*—For purposes of this subsection, the term “on exhibition” includes the period of time beginning on the date the eligible items leave the premises of the lender or place designated by the lender and ending on the date such items are returned to the premises of the lender or place designated by the lender.

SEC. 4. APPLICATIONS.

(a) *IN GENERAL.*—Any person, nonprofit agency, institution, or government desiring to enter into an indemnity agreement for eligible items under this Act shall submit an application to the Chairperson at such time, in such manner and in accordance with such procedures, as the Chairperson shall, by regulation, prescribe.

(b) *CONTENTS.*—An application submitted under subsection (a) shall—

- (1) describe each item to be covered by the agreement (including an estimated value of such item);
- (2) show evidence that the item is an item described in section 3(a); and
- (3) set forth policies, procedures, techniques, and methods with respect to preparation for, and conduct of, exhibition of the item, and any transportation related to such item.

(c) *APPROVAL.*—On receipt of an application under this section, the Chairperson shall review the application as described in section 5 and, if the Chairperson agrees with the estimated value described in the application and if such application conforms with the requirements of this Act, approve the application and enter into an indemnity agreement with the applicant under section 2. On such approval, the agreement shall constitute a contract between the Chairperson and the applicant pledging the full faith and credit of the United States to pay any amount for which the Chairperson becomes liable under such agreement. The Chairperson, for such purpose, is authorized to pledge the full faith and credit of the United States.

SEC. 5. INDEMNITY AGREEMENT.

(a) *REVIEW.*—On receipt of an application meeting the requirements of subsections (a) and (b) of section 4, the Chairperson shall review the estimated value of the items for which coverage by an indemnity agreement is sought.

(b) *AGGREGATE AMOUNT OF LOSS OR DAMAGE.*—The aggregate amount of loss or damage covered by indemnity agreements made under this Act shall not exceed \$3,000,000,000, at any one time.

(c) *INDIVIDUAL AMOUNT OF LOSS OR DAMAGE.*—No indemnity agreement for a single exhibition shall cover loss or damage in excess of \$300,000,000.

(d) *EXTENT OF COVERAGE.*—If the estimated value of the items covered by an indemnity agreement for a single exhibition is—

(1) \$2,000,000 or less, then coverage under this Act shall extend only to loss or damage in excess of the first \$15,000 of loss or damage to the items covered;

(2) more than \$2,000,000 but less than \$10,000,000, then coverage under this Act shall extend only to loss or damage in excess of the first \$25,000 of loss or damage to the items covered;

(3) not less than \$10,000,000 but less than \$125,000,000, then coverage under this Act shall extend to loss or damage in excess of the first \$50,000 of loss or damage to the items covered;

(4) not less than \$125,000,000 but less than \$200,000,000, then coverage under this Act shall extend to loss or damage in excess of the first \$100,000 of loss or damage to the items covered; or

(5) \$200,000,000 or more, then coverage under this Act shall extend only to loss or damage in excess of the first \$200,000 of loss or damage to the items covered.

SEC. 6. REGULATIONS AND CERTIFICATION.

(a) *REGULATIONS.*—The Chairperson shall prescribe regulations providing for prompt adjustment of valid claims for loss or damage to items that are covered by an agreement entered into pursuant to section 2, including provision for arbitration of issues relating to the dollar value of damages involving less than total loss or destruction of such covered items.

(b) *CERTIFICATION.*—In the case of a claim of loss or damage with respect to an item that is covered by an agreement entered into pursuant to section 2, the Chairperson shall certify the validity of the claim and the amount of the loss to the Speaker of the House of Representatives and the President pro tempore of the Senate.

SEC. 7. REPORT.

The Chairperson shall prepare, and submit at the end of each fiscal year to the appropriate committees of Congress, a report containing information on—

(1) all claims paid pursuant to this Act during such year;

(2) pending claims against the Chairperson under this Act as of the end of such year; and

(3) the aggregate face value of contracts entered into by the Chairperson that are outstanding at the end of such year.

SEC. 8. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary—

(1) to enable the Chairperson to carry out the functions of the Chairperson under this Act; and

(2) to pay claims certified pursuant to section 6(b).

TITLE 20—UNITED STATES CODE—1029 NOTE

HIGHER EDUCATION AMENDMENTS OF 1986

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[PART D—LIBRARY RESOURCES

[SEC. 1331. STUDY OF THE EFFECTIVENESS OF THE NEEDS CRITERIA FOR THE COLLEGE LIBRARY RESOURCE PROGRAM AU- THORIZED.

[(a) STUDY REQUIRED.—The National Commission on Libraries and Information Sciences shall conduct a study on the effectiveness in directing assistance to libraries with the greatest need of the needs criteria specified in section 211 of the Act.

[(b) REPORT TO CONGRESS.—The National Commission on Libraries and Information Sciences shall prepare and submit a report to the Congress not later than 3 years after the conclusion of the first fiscal year in which appropriations are made for the College Library Resource Program authorized by section 211 of the Act, together with such recommendations as the Commission on Libraries and Information Sciences deems appropriate.]

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TITLE 40—UNITED STATES CODE

APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965

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SEC. 214. (a) * * *

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(c) The term “Federal grant-in-aid programs” as used in this section means those Federal grant-in-aid programs authorized on or before December 31, 1980, by this Act and Acts other than this Act for the acquisition or development of land, the construction or equipment of facilities, or other community or economic development or economic adjustment activities, including but not limited to grant-in-aid programs authorized by the following Acts: Federal Water Pollution Control Act; Watershed Protection and Flood Prevention Act; Titles VI and XVI of the Public Health Services Act; Carl D. Perkins Vocational Education Act; [Library Services and Construction Act;] Federal Airport Act; Airport and Airway Development Act of 1970; part IV of Title III of the Communications Act of 1934; Title VI (part A) and VII of the Higher Education Act of 1965; Land and Water Conservation Fund Act of 1965; National Defense Education Act of 1958; Consolidated Farm and Rural Development Act; Titles I and IX of the Public Works and Economic Development Act of 1965; the housing repair program for homeowners authorized by section 1319 of Title 42 United States Code; grants under the Indian Health Service Act (42 Stat. 208); and Title I of the Housing and Community Development Act of 1974. The term shall not include (A) the program for the construction of

the development highway system authorized by section 201 of this Act or any other program relating to highway or road construction, or (B) any other program for which loans or other Federal financial assistance, except a grant-in-aid program, is authorized by this or any other Act. For the purpose of this section, any sewage treatment works constructed pursuant to section 8(c) of the Federal Water Pollution Control Act without Federal grant-in-aid assistance under such section shall be granted as if constructed with such assistance.

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